THE BARRIERS IMPEDING ACCESS TO FINANCE FOR MICRO, SMALL AND MEDIUM ENTERPRISES IN MBABANE, ESWATINI

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Approval of the Thesis

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Abstract

THE BARRIERS IMPEDING ACCESS TO FINANCE FOR MICRO, SMALL AND MEDIUM ENTERPRISES IN MBABANE, ESWATINI

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MSMEs are fundamental to both developed and developing countries because of their effect on national gross domestic product, innovation, creation of employment and reduction of poverty, however, access to finance remains a global challenge for the sector. As a result, this study sought to explore the barriers impeding MSME access to finance in Mbabane Eswatini. Moreover, the objectives of the study were to establish the relationship between collateral, financial literacy, information asymmetry, firm & owner or manager characteristics and access to finance for MSMEs. Additionally, four research questions and four null hyotheses were derived from the research objectives.

The mixed methods research methodology and convergent design was adopted. Moreover, 566 MSMEs in Mbabane and 6 financial institutions (4 banks and 2 DFIs) constituted the target population. Consequently, an optimal sample size of 188 MSMEs was determined using the University requirement of 1/3 of the target population and all 6 financial institutions were purposively requested to participate in the study. Furthermore, structured questionnaires with closed ended questions were used to collect data from MSMEs and semi structured interviews conducted through Skype or face to face to collect data from the financial institutions.

Significantly, the results divulged that there is a relationship between collateral and access to finance for MSMEs; there is a relationship between financial literacy and access to finance for MSMEs; there is a relationship between information asymmetry and access to finance for MSMEs. In contrast, no relationship was found between firm and owner or manager characteristics and access to finance for MSMEs. Additionally, the results revealed other factors affecting access to finance for MSMEs: business viability, contribution by the borrower or commitment, loan size, repayment ability, experience and character of the owner.

Consequently, in alignment with the study objectives it was concluded that the barriers impeding access to finance for MSMEs in Mbabane Eswatini are: collateral, financial literacy, information asymmetry, business viability, contribution by the borrower, loan size, repayment ability, experience and character of the owner. Moreover, the results are significance to all the stakeholders (government, MSMEs and financial institutions) and contribute to the body of knowledge in a number of ways: methodological, knowledge gap, theoretical, unexpected results and significance of conclusions. Furthermore, the study presented implications and recommendations for practice and future research.

Declaration

I declare that this thesis has been composed solely by me and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where stated otherwise by reference or acknowledgment, the work presented is entirely my own.

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List of Abbreviations

APA	- American Psychological Association
CEO	- Chief Executive Officer
CGS	- Credit Guarantee Scheme
CRSP	- Credit Reporting Service Provider
ECOWAS	- Economic Community of West African States
EU	- European Union
FESBC	- Federation of Eswatini Business Community
FINCORP	- Eswatini Development Finance Corporation
GDP	- Gross Domestic Product
ICSB	- International Council of Small Businessess
IDCE	- Industrial Development Company Eswatini
MBA	- Master of Business Administration
MD	- Managing Director
MSME	- Micro, Small and Medium Enterprise
NAMBOARD	- National Agricultural Marketing Board
OECD	- Organisation for Economic Corporation and Development
PhD	- Doctor of Philosophy
PMCC	- Pearson"s Product Moment Correlation Coefficient
SADC	- Southern African Development Community
SEDA	- Small Enterprise Development Agency
SEDCO	- Swaziland Enterprise Development Company
SEFA	- Small Enterprise Finance Agency

SMART	- Specific, Measurable, Attainable, Realistic and Timely
SSELGS	- Small Scale Enterprise Loan Guarantee Scheme
U.A.E	- United Arab Emirates
UNECA	- United Nations Economic Commission for Africa
UREC	- Unicaf University Research Ethic Committee
YERF	- Youth Enterprise Revolving Fund

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CHAPTER 1: INTRODUCTION

1.1 Background

MSMEs are fundamental to the economies of both developed and developing countries. Moreover, they play a crucial role in creating employment, economic growth, alleviating poverty and innovation (Gumel & Bardai, 2021; Pedraza, 2021; Tambunan, 2023). As a result, they are recognized as the engines of economic growth, prototypes of tomorrow‟s global companies and the breeding ground for entrepreneurs (Gherghina, Botezatu, Hosszu & Simionescu, 2020; Nasser, 2022). Consequently, there is a global consensus on the importance of the sector as evidenced by the establishment of the International Council of Small Businesses (ICSB) in 1955 as well as the designation of the 27th of June as a MSMEs day (ICSB, 2019).

Moreover, Raifi (2017) contends that MSMEs have played an integral part in the economic success of the OECD countries. Additionally, according to the OECD (2019) MSMEs account for 99% of all businesses across the OECD and contribute between 50% and 60% of value added. Moreover they employ 88.5% of the total workforce in Canada (OECD, 2021). Furthermore, MSMEs comprise between 83% and 99% of all businesses in the Eastern Partner Countries (OECD, 2020) and 99% of all businesses in Brazil (Sebrae 2020 cited in Dalla Costa & El Alam, 2022).

Moreover, Razak, Maulana and Adeyemi (2017) contend that MSMEs account for 99.9% of all businesses in Indonesia and employ 97% of the country‟s labour force. Additionally, MSMEs account for 99.7% in Japan and employ approximately 70% of the country‟s workforce (ICSB, 2019). Furthermore, MSMEs are the backborne of the Indian economy, comprising 65 million businesses, contributing approximately 120 million jobs and 30% of the economic output of the country (Uma & Anbuselvi, 2023).

Consequently, MSMEs are the lifeblood of national economies in the African continent accounting for approximately 90% of all companies and employing 80% of the continent‟s workforce (LSEG African Advisory Group, 2018). Moreover, MSMEs constitute 92% of all businesses in Ghana, contributing approximately 70% of the country‟s GDP and employing 80% of Ghana‟s labour force (GCB Bank, 2022; Sackey, Asravor, Orkoh & Ankrah, 2023). Additionally, MSMEs comprise about 97% of all businesses in Rwanda and contribute 55% of the country‟s GDP (Microsave, 2017 cited in Rwigema, 2020).

Consequently, the SADC region of the African continent is no exception and MSMEs form an integral part of the economies of member countries. Moreover, MSMEs employ between 50 – 60 percent of South Africa‟s workforce and contribute around 34 percent of the country‟s GDP (International Finance Corporation, 2018). Additionally, Antonio (2021) contends that MSMEs account for 98.7% of all businesses in Mozambique. Moreover, according to Svodziwa (2021) MSMEs are crucial in supporting the livelihood of 80% of the population of Zimbabwe. Similarly, Ramonyatsi (2020) contends that the MSME sector contributes about 40% manufacturing output and 35% exports in Lesotho.

Furthermore, MSMEs are the backbone of the economy of the Kingdom of Eswatini and was identified as the major priority for the country‟s economic recovery roadmap 2019 – 2022 (Government of Eswatini, 2019). Moreover, according to FinScope (2017) MSMEs comprise 68 thousand businesses in the country and employ 93 thousand people. Additionally, Zwane (2019) contends that MSMEs account for 90% of all businesses in the country and contribute 75% of all private sector employment. Furthermore, Fomum and Opperman (2023) note the importance of the sector and assert that MSMEs in the country represent 10% of the population of the Kingdom of Eswatini.

Consequently, in recognizing the importance of MSMEs, countries around the globe have prioritized the development of the sector with the understanding that their development, growth and sustainability are crucial if their benefits are to be manifested. Moreover, a multitude of studies note that finance is the lifeblood of a business and vital in all stages of a business life cycle (Hasija, 2020; Rajamani, Jan, Subramani & Raj, 2022). Consequently, Ajayi, Ajuwon and Ikhide (2021, p. 9) contends that “Access to finance is of crucial importance for the sustainable growth of MSMEs”.

However, access to finance for MSMEs continues to be reported as a global challenge with lack of “collateral, information asymmetry, financial literacy, and firm and owner characteristics” cited as the major obstacles (Prihantoro & Nuryakin, 2020; Sackey et al, 2023; Srithirath, 2021). Moreover, Tambunan, Enuh, Ubaidullah & Tamba (2022) found that MSMEs in Indonesia use personal funds for startup capital due to limted access to external funding. Similarily, Rajamani et al. (2022) assert that MSMEs in India rely on short term facilities and informal credit due to ernomous challenges in accessing credit from formal financial instituions.

Furthermore, the International Finance Corporation (2018) contends that access to finance is a major challenge for SMEs in developing countries and estimating a finance gap in the sum of USD 5.2 trillion in developing countries. Similarly, PwC Survey (2020) cited in Okijie and Effiong (2024) assert that between 55% and 68% formal SMEs in developing countries lack access to finance resulting in a finance gap in the tune of about USD 5.1 trillion. Consequently, the African continent is no exception to this challenge and access to finance continues to be cited as a major challenge in Ghana, Nigeria and Kenya (GCB Bank, 2022 Mburu & Njogu, 2021; Okijie & Effiong, 2024).

Similarly, the SADC region is also affected by the issue of lack of access to finance and cited as a major challenge in Zimbabwe, Malawi, Mozambique and Lesotho (Antonio, 2021; Pendame & Akotey, 2023; Ramonyatsi, 2020; Svodziwa, 2021). Moreover, Ramonyatsi (2020) in his study found that lack of access to finance was cited as one of the main challenges affecting MSMEs in Lesotho. Moreover, the International Finance Corporation (2018) estimates a finance gap in the sum of USD 30 billion in South Africa. Furthermore, Fatoki and Asah (2011) contend that in South Africa 75% of newly established MSMEs collapse within the first two years of their existence due to lack of finance.

Consequently, the Kingdom of Eswatini is no exception to the challenge of access to finance for MSMEs with (FinScope, 2017, p. 32) reporting that 90% of micro, small and medium enterprises in the country used their “personal savings, family and friends, informal credit or grants” to start their businesses. Moreover, Nkambule (2015) notes that about 80% of MSMEs collapse within the first 2 years of establishment in the country due to lack of access to finance. Additionally, Matsongoni, Sihlongonyane and Dlamini (2021) in their study on 394 SMEs in Manzini concluded that access to finance was a major challenge.

As a result, improving access to finance for MSMEs has become a priority for all countries around the globe and a number of initiatives have been established including the loan guarantee schemes (OECD, 2021). Moreover, the Asian Development Bank (2016) contends that credit guarantee schemes are now popular in both developed and developing countries despite having emerged in Europe. Consequently, according to Greene (2003) cited in OECD (2021) there are over 2250 credit guarantee schemes established in more than 100 countries and categorized under four types: “public guarantee schemes, mutual guarantee schemes, corporate guarantee scheme and international schemes”.

Furthermore, Malhotra, Chen, Criscuolo, Fan, Hamel and Savchenko (2007) contend that around 85% of OECD countries have at least one credit guarantee scheme. As a result, credit guarantee schemes have been accepted as a critical tool in improving access to finance for MSMEs globally. Moreover, Raifi (2017) contends that credit guarantee schemes have been fundamental in addressing problems of MSME access to finance in Hong Kong, UK, Canada and France. Additionally, the importance of CGSs during financial challenges or stress is also acknowledged (Veinna Initiative Working Group on Credit Guarantee Schemes, 2014).

Consequently, CGSs have been fundamental in responding to the MSMEs financial challenges caused by the COVID-19 pandemic (Tribunal deContas & Uniao, 2021). Moreover, according to Gozzi and Schmukler (2016) a number of studies have found that there is evidence of financial additionality of CGSs. However, Warhono, Modjo and Utami (2019) argue that the performance of CGSs is not clear or mixed.

Consequently, two credit guarantee schemes were established in the Kingdom of Eswatini in 1990: "the small scale enterprise loan guarantee scheme and the export credit guarantee scheme" (Alliance for Financial Inclusion, 2018, p. 5). Moreover, credit guarantee schemes have been identified as one of the policy strategies to improve access to finance for micro, small and medium enterprises in the country (Ministry of Commerce Industry & Trade, 2018). Additionally, Zwane (2019) contends that CGSs in the Kingdom of Eswatini have had a positive effect on MSME access to finance in both financial and economic additionality. However, the underutilization of the schemes by the MSME sector is disturbing a position that compromises the effectiveness of the schemes in achieving their intended objectives (Central Bank of Eswatini, 2023).

1.2 Statement of the Problem

The problem is why are MSMEs in the Kingdom of Eswatini continue to report access to finance as a major challenge despite the availability of a multitude of government interventions including the SSELGS and development finance institutions as well as banks willingness to assist the sector through the establishment of MSME departments within their banks. Consequently, the Kingdom of Eswatini has over the years directed more attention to improving the accessibility of MSME finance through the establishment of a number of programmes including the SSELGS and development finance institutions (FINCORP and IDCE). Moreover, banks in the country have also shown interest in assisting the sector through the establishment of the MSME departments within their banks to specifically focus on the needs of the sector.

However, despite all this initiatives accessibility of MSME finance continues to be cited as a major issue in the country with studies revealing that about 90% MSMEs in the country use personal savings, funds from family & friends, informal credit and grants for startup capital (FinScope, 2017). Similarly, Dlamini (2019) in her study found that from 1,390 loan applications made to the Development Finance Institutions (DFIs) by MSMEs in the country in 2018 only 34% (474) were approved and 66% (916) were rejected. Additionally, Matsongoni et al. (2021) in their study concluded that access to finance was a major challenge for MSMEs in the Kingdom of Eswatini.

Furthermore, MSMEs contend that the stringent loan application requirements used by financial institutions including among others collateral are the main challenge or obstacle in MSME access to finance (Matsongoni et al., 2021; UNECA & Eswatini Government, 2021). Additionallly, UNECA and Eswatini Government (2021) assert that MSMEs are not happy with loan assessment criteria used by financial institutions and assert that they are harsh.

As a result, this position indicates that there are barriers impending access to finance for MSMEs in the country other than collateral which ought to have been addressed by the availability of the SSELGS, yet, an underutilization of the scheme has been reported in different studies whilst access to finance continues to be reported as a main challenge in the country (Central Bank of Eswatini, 2023; Gama, 2019; FinScope, 2017; Zwane, 2019). However, the importance of drawing comments from both sides of the credit system in understanding the issue of access to finance is emphasized in a number of studies (Abraham & Schmukler, 2017; Awunyo-Vitor, 2018; FinScope, 2017).

However, not many studies have been conducted in this perspective despite the importance of such an approach on the development, growth and sustainability of MSMEs and the country"s economy. Significantly, awareness of the obstacles that prevent access to finance by MSMEs is very crucial if the issue of access to finance or the finance gap is to be improved, the potential of the sector to be manifested and its potential benefits seen flowing to the relevant stakeholders: the government, banks and citizens of the country in terms of economic growth, job creation and poverty alleviation. As a result, the African SME Finance Forum (2018) notes the importance of bridging the gap between SMEs and banks.

Therefore, this study will attempt to investigate the obstacles that prevent MSMEs from accessing finance from both the banks (Nedbank, First National Bank, Standard Bank and Eswatini Bank) and development finance institutions (FINCORP and IDCE) through a study that aims to draw comments from both sides of the credit system and make recommendations which could be used by the relevant stakeholders (MSMEs, financial institutions and government) to assist the sector in reducing the existing finance gap.

1.3 Purpose of the Study

The purpose of this mixed methods research methodology and convergent design is to investigate the barriers impeding access to finance for MSMEs in Mbabane Eswatini, through a comprehensive study that aims to draw comments from both sides of the credit system: supply (banks and development finance institutions) and demand (MSMEs). As a result, quantitative data will be collected from MSMEs through face to face administered structured questionnaires with closed ended questions and qualitative data collected from banks & development finance institutions through semi structured interviews guided by an interview schedule and conducted through Skype or face to face.

Moreover, an optimum sample size for MSMEs will be determined from the sampling frame to be obtained from the Municipality of Mbabane and following the University requirement of 1/3 of the target population. Additionally, probability sampling design and stratified random sampling approach will be adopted to select MSME participants in order to ensure representativeness of the sample. Additionally, simple random sampling technique will be used to select sample items from each stratum, online number generator and sampling with replacement. In contrast, non-probability sampling design will be adopted to select banks and development finance institutions through purposive sampling.

Moreover, quantitative data will be analyzed through the use of the PSPP software for descriptive and inferential statistics, and the outcome reported in appropriate tables and pie charts. In contrast, qualitative data will be analyzed through thematic analysis. Significantly, only business owners or managers with a deeper understanding of the financial affairs of the business will be requested to assist with the data collection process. Therefore, awareness of these obstacles is crucial in improving the sustainability and performance of MSMEs.

1.4 Research Aims and Objectives

The aim of the study is to explore the barriers impeding access to finance for micro, small and medium enterprises (MSMEs) in the Kingdom of Eswatini through a study that will draw comments from both sides of the credit system: supply (banks and development finance institutions) and demand (MSMEs). As a result, the objectives of the study are:

1.4.1 To identify the barriers impeding access to finance for micro, small and medium enterprises.

1.4.2 To establish the relationships of the factors impeding access to finance for micro, small and medium enterprises. The specific objectives are:

1.4.2.1 To establish the relationship between collateral and access to finance for micro, small and medium enterprises.

1.4.2.2 To establish the relationship between financial literacy and access to finance for micro, small and medium enterprises.

1.4.2.3 To establish the relationship between information asymmetry and access to finance for micro, small and medium enterprises.

1.4.2.4 To establish the relationship between firm and owner characteristics, and access to finance for micro, small and medium enterprises.

1.4.3 To develop a framework for the barriers impeding access to finance for micro, small and medium enterprises.

1.5 Nature and Significance of the Study

1.5.1 *The Nature of the Study*

This study will be grounded in the pragmatism research philosophy, combining both deductive and inductive research approaches (Hampson & McKinley, 2023). Moreover, the study will adopt the non-experimental research design and correlational research (Marczyk, DeMatteo & Festinger, 2005; Taherdoost, 2022). Additionally, the purpose of the study will be explanatory and adopting the survey research (Saunders et al., 2009). Furthermore, the study will be cross sectional (Wang & Cheng, 2020). Consequently, the study will adopt the mixed methods research methodology and convergent design (Taherdoost, 2022).

As a result, both “probability and non-probability sampling designs” will be adopted to select research participants (Pace, 2021, p. 10). Moreover, the stratified random sampling approach will be used to select participants for the quantitative study and the purposive sampling approach used to select participants for the qualitative study (Pace, 2021). Additionally, the University requirement of 1/3 of the target population will be used to determine an optimum sample size for the quantitative study based on a reliable sampling frame to be requested from the Municipality of Mbabane. In contrast, all the four banks and two development finance institutions will be requested to participant in the study.

Therefore, quantitative data will be collected through face to face administered structured questionnaires with closed ended questions and qualitative data collected through semi structured interviews guided by an interview schedule conducted through Skype or face to face (Annum, 2020; Taherdoost, 2021). Moreover, structured questionnaires with closed ended questions will be used to collect quantitative data and semi structured interviews guided by an interview schedule used to collected qualitative data (Annum, 2020; Taherdoost, 2021).

Consequently, both the questionnaire and interview schedule will be tested for validity with collegues requested to assist with face validity and professional researchers requested to assist with content validity. Additionally, the questionnaire will be pilot tested to a sample of ten participants who will be selected from the target population, however, excluded from the final sample to determine the level of understanding of the questions in the questionnaire by the participants and amended accordingly based on the feedback (Shodiya & Adekunle, 2022). Furthermore, the questionnaire will be tested for reliability or consistence and Cronbach"s Alpha used to establish internal consistence reliability (Shodiya & Adekunle, 2022).

Moreover, the PSPP software will be used to analyze quantitative data for descriptive and inferential statistics and the results presented in appropriate tables and pie charts. In contrast, qualitative data will be analyzed through thematic analysis following the six phases of thematic analysis by Braun and Clarke (Kiger & Varpio, 2020). Furthermore, background research has been conducted and has revealed that there is enough & reliable data to meet the requirements of this methodology (Creswell, 2014). Moreover, the researcher is well capacitated to deal with both methodologies: "quantitative and qualitative" (Taherdoost, 2022, p. 55).

Significantly, this study will ensure utmost respect for the three fundamental ethical principles enshrined in The Belmont Report: "respect for persons, beneficence and justice" (Nagai, Nakazawa & Akabayashi, 2022). As a result, all relevant ethical considerations will be observed throughout the entire research process: "informed consent, protection of participants, confidentiality, objectivity, plagiarism and debrief" (Saunders et al., 2009, p. 183 - 200).

1.5.2 ***The Significance of the Study***

The significance of this research cannot be overemphasized as observed by McKernan & Chen (2005) cited in Manaye and Tigro (2017) that finance is the lifeblood of all businesses. Moreover, Rajamani and Nirmal (2019) assert that the accessibility of MSME finance has a massive impact on the performance of MSMEs and all businesses require access to finance. Additionally, KPMG (2014, p. 4) note that “access to finance is a critical success factor in the growth and development of MSMEs globally”. As a result, understanding the barriers impending access to finance for MSMEs is crucial in improving access to finance for the sector.

Consequently, improving access to finance is fundamental in creating vibrant MSMEs capable of manifesting the potential benefits of the sector. As a result, MSMEs will be able to get detailed first-hand information from the financial institutions on what is required from them to be able to access finance. Moreover, this information is vital in improving the capabilities of MSMEs in meeting loan application requirements through ensuring that well trained employees are available to deal with such applications. Additionally, financial institutions will also have an opportunity to hear from MSMEs on how they feel about their products, application requirements and assessment criteria.

Moreover, this information is critical in the establishment of relevant products that meet the needs of the sector as well as ensuring that less complex application requirements are developed and well trained employees are available to assist the sector. Furthermore, the government of the country will be able to get a comprehensive picture of where the relevant parties (MSMEs and financial institutions) fail to agree despite the availability of a multitude of interventions including the SSELGS and despite the banks showing willingness to assist the sector.

This information is crucial in informing the development of appropriate policy measures to improve access to finance in the country. Consequently, reducing the existing finance gap in the country is fundamental in the development of vibrant MSMEs and improving their longevity. As a result, this study will be vital in accelerating the establishment of MSMEs in the country a process that had been compromised by the lack of access to finance (FinScope, 2017). Additionally, the study will be crucial in addressing the high mortality rate of MSMEs in the country (Nkambule, 2015).

Moreover, increasing the number of MSMEs is vital to the economic growth of a country as observed by a number of studies that the higher the number of MSMEs a country has, the higher the contribution the sector has to the country‟s GDP (Singh, 2017). As a result, this study will be fundamental in increasing the number of MSMEs in the country as well as their contribution to the country‟s GDP. Furthermore, improving access to finance for MSMEs is crucial to the growth of the sector, enabling businesses to graduate from informal to medium-sized businesses hence improving their employment capacity (ICSB, 2019, International Finance Corporation, 2017).

Moreover, according to FinScope (2017) 93% of MSMEs in the country comprise independent entrepreneurs and micro businesses employing between 0 – 10 employees. As a result, this study will play an integral role in having more medium-sized enterprises with high employment capacity of between 21 and 60 employees. Moreover, this position is vital in reducing the country‟s current unemployment rate of 23% (United Nations Eswatini, 2020). Consequently, reducing the unemployment rate is critical in poverty alleviation (Siyan, Adegoriala & Adolphus, 2016). Moreover, according to the World Bank Group (2020) about 58.9 per cent of the population of Eswatini lives below the national poverty line.

Significantly, this study will not only benefit the Kingdom of Eswatini as detailed above, however, it will make a contribution to the body of knowledge. Moreover, contributing to the body of knowledge is a prerequisite for a research conducted at doctoral level. However, Badenhorst (2021) contends that contribution to the body of knowledge does not mean that a study should be something completely new or ground breaking, as a result, it should be looked at from a variety of areas: “conceptual or theoretical, knowledge gap, methodological, unexpected results, significance of conclusions and significance of meta-conclusions”.

Additionally, the contribution of a study to the body of knowledge should not be overexeggerated understanding that the dynamics of a field cannot be changed by a single study however it should also not be understated understanding that knowledge is developed one tiny step at a time. Consequently, this research aims to get a deeper understanding of the research problem through a study that seek to draw comments from both sides of the credit system an approach that has been rarely adopted in previous studies.

Therefore, without overexeggeration and understatement this study contributes to the body of knowledge in a number of ways. Moreover, this is an original piece of work that has never been done in the past in terms of the topic, the target population & research design hence the data, conclusions and understanding are new, as a result, the study contributes to the body of knowledge from a knowledge gap perspective. Additionally, through the adoption of the mixed methods methodology convergent design which attempted to address the research gap identified in the literature review, this study contributes to the body of knowledge from a methodological perspective.

Furthermore, the study revealed other factors that affect access to finance for MSMEs in the country which had not been given much attention in the past hence contributes to the body of knowledge from a knowledge gap perspective. Moreover, unexpected results were reported on firm and owner or manager characteristics and access to finance for MSMEs hence the study contributes to the body of knowledge from that perspective. Additionally, the significance of the conclusions to the relevant stakeholders (Government, MSMEs and Financial Institutions) as well the citezens of the country with respect to the employment creation and poverty alleviation have been extensively discussed hence the study contributes to the body of knowledge from that perspective.

Moreover, the theoretical framework of the study was adapted from the theoretical framework developed by Awunyo-Vitor in 2018 comprising four theories with information asymmetry theory & transaction cost theory explaining the supply side of the credit system and delegated monitoring theory & rational choice theory explaining the demand side of the credit system (Awunyo-Vitor, 2018). However, three additional theories were added in this study with financial intermediation theory explaining the supply side of the credit system and pecking order theory & credit rationing theory explaining the demand side of the credit system. Therefore, this study also contributes to the body of knowledge from a theoretical perspective.

1.6 Research Questions and Hypothesis

This research will be guided by the following four research questions which were derived from the research objectives:

Q1. What is the relationship between collateral and access to finance for micro, small and medium enterprises?

Q2. What is the relationship between financial literacy and access to finance for micro, small and medium enterprises?

Q3. What is the relationship between information asymmetry and access to finance for micro, small and medium enterprises?

Q4. What is the relationship between firm and owner characteristics, and access to finance for micro, small and medium enterprises?

Furthermore, the above research questions will be aligned to the following four null research hypotheses:

H1o there is no relationship between collateral and access to finance for micro, small and medium enterprises

H2o there is no relationship between financial literacy and access to finance for micro, small and medium enterprises

H3o there is no relationship between information asymmetry and access to finance for micro, small and medium enterprises

H4o there is no relationship between firm and owner characteristics, and access to finance for micro, small and medium enterprises

Summary

This chapter extensively discussed the background of the research. Moreover, the top down approach was adopted, starting from the global perspective and narrowing it down to continental, regional and to the Kingdom of Eswatini where the study will be conducted. Additionally, the research problem was clearly articulated. Furthermore, the chapter clearly discussed the research purpose. Moreover, the aims and objectives of the research were also well stated. Consequently, relevant research questions were derived from the research objectives. Additionally, research hypothesis were developed in relation to the research questions. Furthermore, the nature and significance of the research was also extensively elaborated. Therefore, the following chapter will extensively analyze the available literature relating to the study with a view to get a broader understanding of developments taking place in the field.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

A literature review forms a crucial section of a thesis and critical in demonstrating a researcher understanding of research that has already been done on a topic. As a result, it plays an important role in getting an extensive apprehension of a research field and critical in a research study because academic writing is about "standing on the shoulders of giants" (Jensen & Wilson, 2014, p. 8). Moreover, a literature review is imperative in revealing who these giants are, the work they have done, the methodologies they adopted, the methods they used, the theories they situated their studies in and more importantly their findings. Therefore, this section presents a detailed discussion of the literature relevant to this study.

2.2 Restatement of the Problem

The problem is why MSMEs in the Kingdom of Eswatini continue to report access to finance as a major challenge despite the availability of a multitude of government interventions including the SSELGS and development finance institutions as well as banks willingness to assist the sector through the establishment of MSME departments within their banks. Consequently, the Kingdom of Eswatini has over the years directed more attention to the improvement of access to finance for MSMEs through the establishment of a number of programmes including the small scale enterprise loan guarantee scheme (SSELGS) and development finance institutions (FINCORP and IDCE). Moreover, banks in the country have also shown interest in assisting the sector through the establishment of the MSME departments within their respective institutions. However, despite all this initiatives access to finance continues to be cited as a major challenge by MSMEs in the country (Dlamini, 2019; Matsongoni et al., 2021).

As a result, this position indicates that there are barriers impending access to finance for MSMEs in the Kingdom of Eswatini other than collateral which ought to have been addressed by the availability of the SSELGS, yet, an underutilization of the scheme is reported in a number of studies whilst access to finance continues to be cited as a major challenge in the country (Central Bank of Eswatini, 2023; Gama, 2019; Zwane, 2019).

2.3 Country Context

The Kingdom of Eswatini is a small developing country situated in the southern part of the African continent surrounded by South Africa and Mozambique (Matsongoni et al., 2021). Moreover, according to the Centre for Financial Inclusion (2018) the country occupies approximately 1.7 million hectares of land area which is divided into Title Deed Land (TDL) and Swazi Nation Land (SNL). Consequently, TDL represents a significant portion of the country‟s land area with 56% and 44% being SNL (Centre for Financial Inclusion, 2018). Moreover, the ownership of Title Deed Land is private hence the land could be sold, leased or mortgaged (Centre for Financial Inclusion, 2018). In contrast, Swazi Nation Land is managed through the customs of the country and selling, leasing or mortgaging is prohibited (Centre for Financial Inclusion, 2018; UNECA & Eswatini Government, 2021).

Furthermore, the population of the country is approximately 1.2 million people with around 60% living below the national poverty line in 2017 and unemployment rate sitting at 22.1% in 2019 (UNECA & Eswatini Government, 2021). Additionally, UNECA & Eswatini Government (2021) assert that joblessness is prevalent amongst women and the youth in the Kingdom of Eswatini with 46.6% of the youth unemployed in 2019. Furthermore, income inequality is also rampant in the country resulting in the Kingdom of Eswatini ranked tenth in world ranking of the highest income inequality (UNECA & Eswatini Government, 2021).

As a result, 80% of the nation‟s wealth is controlled or is in the hands of 20% of the country‟s population (Dlamini, 2018 cited in Dlamini, 2019). Furthermore, according to the Centre for Financial Inclusion (2018) the Kingdom of Eswatini enjoys a strong relationship with South Africa in both trade and financial perspectives. As a result, the currency of the country is pegged to the South African rand a position viewed by some as an indication of relinquishing the country‟s monetary policy to South Africa (Centre for Financial Inclusion, 2018).

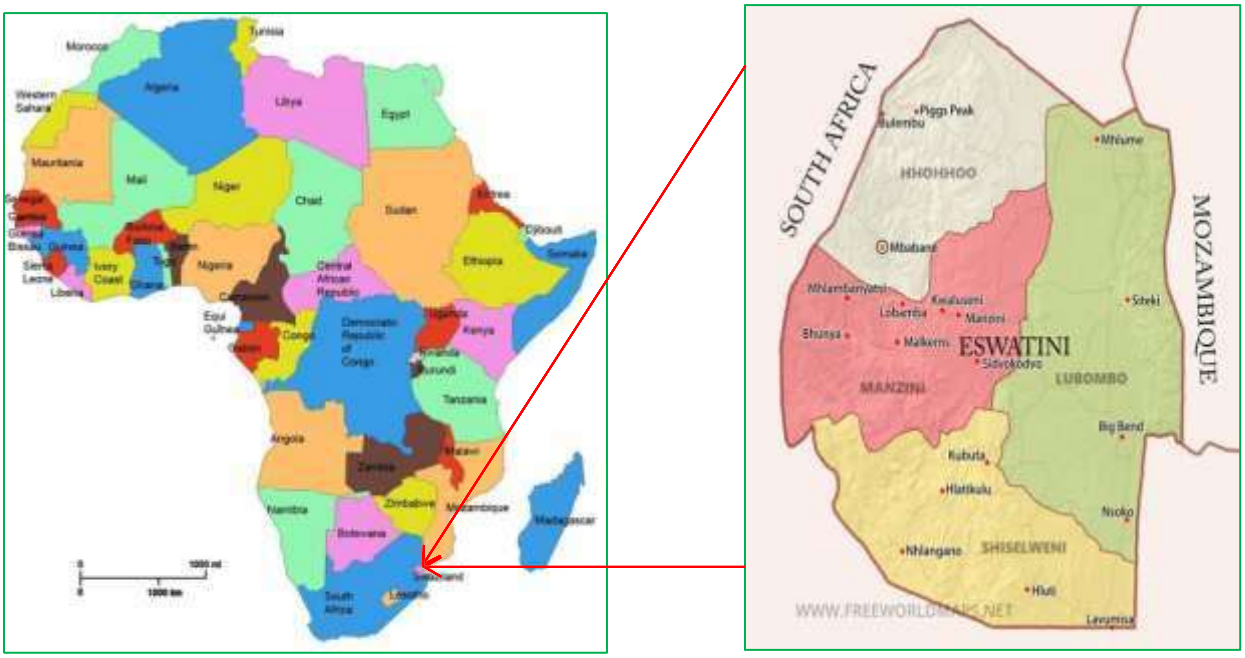
Additionally, 80% of the country‟s imports come from South Africa including a major portion of the electricity that the country has and 60% of our exports goes to South Africa (Centre for Financial Inclusion, 2018). However, Dlamini (2019) contends that 90% of the country‟s imports come from South Africa. Additionally, the economy of the country relies mainly on the SACU receipts which contribute about half of the government revenue and 17% of the country‟s GDP (Centre for Financial Inclusion, 2018). Moreover, the Gross Domestic Product (GDP) of the Kingdom of Eswatini at market price is 3.43 billion US Dollars (FinScope, 2017 cited in Dlamini, 2019).

Futhermore, the country is divided into four regions: Hhohho, Manzini, Lubombo and Shiselweni. Moreover, according to the Centre for Financial Inclusion (2018) Manzini has the largest number of MSME owners (41%), Hhohho (25%), Shiselweni (16%) and Lubombo (18%). Consequently, Mbabane is the capital city of the country and is located under the Hhohho region. Moreover, the map of the Kingdom of Eswatini as well as its geographic location within the African continent is demonstrated in the Maps below and marked figure 2.1.

Figure 2.1

Maps

Africa **Kingdom of Eswatini**



Note: Adapted from Map of Eswatini, by Centre for Financial Inclusion, 2018, p. 12

2.3.1 Micro, Small and Medium Enterprises (MSMEs) in the Kingdom of Eswatini

Micro, Small and Medium Enterprises (MSMEs) are very important to the national economy of the Kingdom of Eswatini and constitute approximately 90% of all enterprises in country, employing 75% of the country‟s workforce in the private sector (UNECA & Eswatini Government, 2021; Zwane, 2019). Moreover, Fomum and Opperman (2023) assert that MSMEs in the country operate in different sectors of the economy and diverse disignations. Additionally, FinScope (2017) contends that the sector accounts for 68 thousand enterprises in the country and employ 93 thousand people. As a result, MSMEs formed a critical component of the country‟s economic recovery roadmap 2019 – 2022 (Government of Eswatini, 2019).

Additionally, the MSME sector plays an important role in addressing issues of income inequality, poverty alleviation, unemployment and economic growth in the country (Fomum & Opperman, 2023; Matsongoni et al., 2021). Moreover, Joubert (2016) cited in Matsongoni et al. (2021) asserts that other than creating employment, MSMEs in the country are crucial in providing an enabling environment to women that foster their entrepreneurial ability. However, clearly defining MSMEs becomes critical in differentiating the sector from large enterprises.

Consequently, The Kingdom of Eswatini defines MSMEs based on the three common characteristics: "number of employees, annual turnover and total assets" (Ministry of Commerce, Industry & Trade, 2018, p. 9). However, despite being the most common criteria to define the MSME sector globally it posses some challenge in the country, particularly where there are ambiguities between the three characteristics (Dlamini, 2019; UNECA & Eswatini Government, 2021). Moreover, this challenge is evident in MSMEs that are less capital and labour intensive but able to make good annual turnover are involved, particularly those operating in the digital space (UNECA & Eswatini Government, 2021).

As a result, under such circumstances the practice that is adopted in the country is to use the number of employees to define the sector (UNECA & Eswatini Government, 2021). Moreover, FinScope (2017, p. 15) contends that the SMME Policy of 2009 states that "Where the definition is in conflict, the number of employees should be used as the governing criteria". Consequently, like for an example a business employing between 0 – 10 employees, assets valued at less than E50,000.00 but able to make an annual turnover in the tune of about E3 million would be categorized under the micro enterprise segment despite the huge annual turnover which qualifies the business under small enterprises.

Additionally, the SMME policy of 2018 classifies the sector as a continuation from informal micro businesses to medium sized businesses and the definition is well articulated in table 2.1 below:

Table 2.1

Definition of Micro, Small and Medium Enterprises (MSMEs)

Category	**Sub-category**	**Employees**	**Value of Assets**	**Turnover**
Micro enterprise	Informal	0	No formal registration	
Micro enterprise	Formal	0 to 10	Under E50,000	Up to E60,000
Small enterprise	Formal	11 to 20	Over E50,000 to E2 million	Up to E3 million
Medium enterprise	Formal	21 to 60	Over E2 million to E5 million	Up to 8 million

Note: Adapted from Defining SMMEs in Eswatini, by the Ministry of Commerce, Industry & Trade, 2018, p. 10

2.3.2 Access to Finance for MSMEs in the Kingdom of Eswatini

Finance is the lifeblood of the MSME sector in the country like in the rest of the world and required in all the stages of a business life cycle. Moreover, Dlamini and Mohammed (2018) contend that finance is required by both new and old MSMEs in the Kingdom of Eswatini. Consequently, finance is required by new businesses for startup, acquisition of inventory or production material and expansion purposes by existing businesses (Dlamini & Mohammed, 2018). As a result, availability of funds becomes important when the issue of access to finance for MSMEs is discussed.

Consequently, there are three sources of funding available for MSMEs in the Kingdom of Eswatini: “informal, semi-formal and formal” (Dlamini & Mohammed, 2018, p. 5). Moreover, informal sources include: informal lenders, personal savings, family, friends and stokvels; semi-formal credit sources include: micro finance institutions, government development schemes, savings and credit societies (SACCOS) and NGO, and formal sources include: formal financial institutions (banks and development finance institutions) (Dlamini & Mohammed, 2018).

However, business angels, venture capital, mezzanine finance, factoring & invoice discounting, listing & chain financing are not available to MSMEs in the country as they are usual found in developed economies (UNECA & Eswatini Government, 2021). Moreover, personal, family, friends, banks and development finance institutions are the most popular sources of finance for MSMEs in the Kingdom of Eswatini (Dlamini, 2019; FinScope, 2017). However, Adelino et al. (2017) cited in Fomum and Opperman (2023, p. 1552) emphasize the importance of external credit to the growth of MSMEs and job creation, and assert that “Evidence confirmed that MSMEs with external finance grow faster and create more jobs”.

Consequently, Vera and Onji (2010) cited in Matsongoni et al. (2021) assert that banks are accepted as the main source of capital for SMEs in both developed and developing countries. Similarly, banks and development finance institutions constitute the main source of external credit in the Kingdom of Eswatini for all purposes and in all the stages of a business life cycle (Dlamini, 2019; United Nations Capital Development Fund, 2020). Consequently, the Centre for Financial Inclusion (2018) contends that of the E1.3 billion credit supplied to SMEs in 2017 banks were the largest suppliers with 63%.

Moreover, there are four banks in country: First National Bank, Nedbank, Standard Bank and Eswatini Bank, and two development finance institutions: Eswatini Development Finance Corporation (FINCORP) and Industrial Development Company Eswatini (IDCE) (Dlamini, 2019; United Nations Capital Development Fund, 2020). However, the importance of having a well functioning financial system in a country cannot be underestimated in improving access to finance for MSMEs and economic growth. As a result, Schumpeter (1934) cited in Awunyo-Vitor (2018, p. 44) opined that "a nation with a well-developed financial system would support economic growth".

Consequently, the role of the government is crucial in creating an enabling environment for a credit system to function well through the establishment of appropriate policy intervention. Morover, the credit sector in the Kingdom of Eswatini is strongly regulated with non banking financial institutions (NBFIs) regulated by the Financial Services Regulatory Authority (FSRA) and financial institutions (banks and development finance institutions) regulated by the Central Bank of Eswatini (UNECA & Eswatini Government, 2021).

However, despite having four banks and two development finance institutions in the country supported by a very strong regulatory system access to finance continues to be cited as a major challenge by the sector. Moreover, according to the SME Finance Forum (2018) cited in the Alliance for Financial Inclusion (2021) the Kingdom of Eswatini has the highest finance gap in Africa estimated at 45% of the country"s GDP. Similarly, Dlamini (2019) in her study found that out of 1,390 loan applications that were made by MSMEs to the two development finance institutions (FINCORP and IDCE) in 2018, 66% of them were rejected. Additonally, Matsongoni et al. (2021) in their study concluded that access to finance for MSMEs is a major challenge affecting the sector.

Furthermore, the Centre for Financial Inclusion (2018) contends that lack of financial accessibility was cited as one of the key elements having an effect on SMEs in the country. Moreover, according to the International Trade Centre (2022) companies employing less than four people use personal saving and funds from family & friends with only 2% businesses able to secure funding from commercial banks in the Kingdom of Eswatini. Additionally, FinScope (2017) found that 90% of MSMEs in the country used their personal savings, funds from family & friends, informal credit and grants for startup capital with only 10% managing to obtain credit from the banks.

Moreover, Fomum and Opperman (2023) contend that the poor performance of MSMEs in terms of job creation, poverty alleviation and economic growth is a result of lack of access to external credit. Consequently, collateral, financial literacy, information asymmetry and firm & owner or manager characteristics are cited as the major obstacles (UNECA & Eswatini Government, 2021; Zwane, 2019).

2.3.2.1 Collateral and Access to Finance for MSMEs in the Kingdom of Eswatini

Collateral remains important in access to finance for MSMEs in the country (Centre for Financial Inclusion, 2018; UNECA & Eswatini Government, 2021). However, lack of collateral has been cited as a major obstacle impeding access to finance for MSMEs in the country (FinScope, 2017; Zwane, 2019). Additionally, Fomum and Opperman (2023) contend that lack of collateral causes financial institutions to cutdown MSME credit allocations in the country. Furthermore, Dlamini and Mohammed (2018) assert that a majority of smallholder farmers occupying Swazi Nation Land were denied access to finance by commercial banks in the country due to lack of collateral.

Additionally, a study by Matsongoni et al. (2021) revealed that collateral was one of the main factors that influence access to finance for MSMEs in the Kingdom of Eswatini. Consequently, UNECA & Eswatini Government (2021) assert that financial institutions in the country demand collateral valued higher than the requested loan amount at an average 285.50%, compared to the SACU 127%. However, financial institutions argue that collateral is no longer a key determinant of access to credit in their respective institutions but considered as secondary in their decision making (UNECA & Eswatini Government, 2021). Moreover, these assertions are supported by Dlamini (2019) where in her study she found that collateral did not have an influence on access to credit by MSMEs from the development finance institutions (FINCORP and IDCE).

Furthermore, Zwane (2019) contends that lack of acceptable collateral poses a huge challenge when MSMEs apply for credit from financial institutions. Consequently, immovable property (land and buildings) is favoured by financial institutions in the country because it is not capable of being hidden and subjected to ownership disputes (UNECA & Eswatini Government, 2021). Moreover, Ajetomobi, Dlamini, Dlamini and Dlamini (2022, p. 1) contend that title deed to land in a key determinant of access to bank credit in the country and assert that "lack of title-deed to land reduce the probability of using bank credit in the country".

Significantly, the strength of the legal system of the country is another factor that gives confidence to the financial institutions to use immovable assets as collateral and requires that all processes including registration & changes to land & buildings ownership is attended to through the Deeds Registry office and handled by professional Conveyencers. Furthermore, ownership of Swazi Nation Land has been cited as a major challenge because of its incapability of being mortgaged (Ajetomobi et al., 2022; Centre for Financial Inclusion, 2018).

Additionally, UNECA and Eswatini Government (2021) note that the mismatch between the assets required by financial institutions as acceptable collateral (immovable) and the assets that MSMEs possess (movable) is another factor that has a massive influence on access to credit by MSMEs from the financial institutions. Consequently, about 75% of the assets that MSMEs in the country possess are movable (machinery and accounts receivables) similar to other developing countries (UNECA & Eswatini Government, 2021).

Moreover, Zwane (2019) note the importance of the credit guarantee schemes in mitigating collateral challenges in the Kingdom of Eswatini and asserts that from a sample of 315 SMEs 174 of them representing 55% would not have accessed finance from the financial institutions if the SSELGS did not exist in the country. Consequently, two public credit guarantee schemes (small scale enterprise loan guarantee scheme and export guarantee scheme) were established in 1991 in the country by our government to try and mitigate collateral challenges faced by MSMEs and improve access to finance by the sector (Alliance for Financial Inclusion, 2018).

Moreover, according to the Central Bank of Eswatini (2021) initial capital for both schemes was raised by the government of the country whereas the recapitalization of them requires the contribution from a number of stakeholders: government, banks, individuals, donors and private institutions. Additionally, the Central Bank of Eswatini is entrusted with the responsibility to monitor the operations of the both credit guarantee schemes and to annually report to the Minister of Commerce, Industry and Trade (Central Bank of Eswatini, 2021). Furthermore, approval of participating institutions in the schemes is one of the responsibilities of the Central Bank of Eswatini (UNECA & Eswatini Government, 2021).

Consequently, all six financial institutions (four banks and two development finance institutions) have been approved to participate in the scheme (Central Bank of Eswatini, 2022). Moreover, the Central Bank of Eswatini (2021) asserts that the small scale enterprise loan guarantee scheme (SSELGS) guarantees 98% for startups and 95% for existing businesses operated by youth entrepreneurs and applying for credit through the Youth Enterprise Revolving Fund (YERF). Additionally, the scheme guarantees 95% for startups and 85% for existing businesses (MSMEs) applying for credit through commercial banks and other non-bank financial institutions (Central Bank of Eswatini, 2021). Moreover, the Central Bank of Eswatini (2021) contends that the schemes charge a guarantee fee at a rate of 1% on the outstanding guarantee payable.

Furthermore, a study by Zwane (2019) found a positive impact of the SSELGS on both financial and economic additionality. However, a study by UNECA and Government of Eswatini (2021) revealed a significant underutilization of the SSELGS accounting for less than 1/3 of qualifying MSMEs since inception. Additionally, the export credit guarantee scheme (ECGS) has not been used ever since its inception accounting for over 30 years in existence (UNECA & Eswatini Government, 2021). Moreover, according to UNECA and Government of Eswatini (2021) the arduous claiming process from the schemes in case of default by borrowers is the main reason financial institutions are reluctant to participate in the schemes. Additionally, the Federation of Eswatini Business Community (FESBC) contends that stringent application requirements are a major obstacle or stumbling block for small business to participate in the schemes (UNECA & Government of Eswatini, 2021).

2.3.2.2 Financial Literacy and Access to Finance for MSMEs in the Kingdom of Eswatini

Financial literacy constitutes an important element of the credit assessment process by financial institutions and critical in MSME access to finance in the Kingdom of Eswatini. Moreover, financial literacy of the owner or manager enables MSMEs to provide appropriate information required by financial institutions and within set timelines, complete the loan application forms accordingly and be able to clearly articulate the business model and other aspects of the business during an interview with the credit officers. Additionally, Matsongoni et al. (2021) recommend that MSMEs should prioritize the improvement of their financial literacy levels and management skills in order to ensure that loan requirements are fully met.

Furthermore, descriptive statistics by Ajetomobi et al. (2022) revealed a significant lack of financial literacy among SMEs in the Kingdom of Eswatini and suggested an urgent need for providing support to the sector through financial literacy and other training programs. Consequently, the revised SMME policy of the Kingdom of Eswatini identified the support of financial literacy programs as one of the policy objectives to improve access to finance by the sector (Ministry of Commerce, Industry & Trade, 2018). However, studies aimed at establishing the "relationship between financial literacy and access to finance by MSMEs" are scarce in the country.

2.3.2.3 Information Asymmetry and Access to Finance for MSMEs in the Kingdom of Eswatini

Information asymmetry is an important factor that affects access to finance by the sector and crucial in the assessment of the creditworthiness of MSMEs by financial institutions in Kingdom of Eswatini. Morever, Dlamini (2019, p. 27) assert that "information asymmetry problems exist amongst DFIs and SMEs in Eswatini". Consequently, the provision of appropriate and adequate information by MSMEs is crucial to the financial institutions in executing their financial intermediation and delegated monitoring responsibilities, and ensuring that risk to depositors‟ funds is minimized. Moreover, Dlamini (2019) contends that development finance institutions in the country (DFIs) are not only concerned about the interest amount they receive from the loans but also the risk involved, a position that is crucial in ensuring that the interest of the depositors is protected.

As a result, DFIs in the country have adopted stringent loan screening & application requirements and this involve: collateral, reduction of loan amount, reduction of loan repayment period and increased interest rate of loans (Dlamini, 2019). Similarly, Alliance for Financial Inclusion (2020) assert that banks and development finance institutions in the Kingdom of Eswatini adopt rigid loan approval mechanisms due to information asymmetry from both sides of the credit system. Additionally, Dlamini and Mohammed (2018) using secondary data from FinScope 2016 on the "determinants of choice of credit sources" by MSMEs in the country found that the choice of credit sources was affected by among other factors keeping financial records.

2.3.2.4 Firm and Owner or Manager Characteristics and Access to Finance for MSMEs in the Kingdom of Eswatini

Firm and owner or manager characteristics are important factors that influence access to credit by MSMEs from the financial insitutions (banks and development finance institutions) and critical in the assessment of the creditworthiness of the borrower. Moreover, Dlamini (2019) asserts that amongst the factors required by DFIs in the country as part of their loan application requirements involve: gender, business size, business age and business legal status. Additionally, Dlamini and Mohammed (2018) in their study found that age of the business owner had a significant influence on the choice of SME loans between formal and informal credit in Eswatini.

Futhermore, Ajetomobi et al. (2022) in their study concluded that women were more contrained financially compared to their male conterparts resulting in their reliance on non-bank and informal sources of credit. Similarly, Hlanze, Dlamini and Ajetomobi (2020) assert that women generally encountered challenges in access to finance in their attempts to improve their communities and household production. Additionally, in a workshop on the financing model for MSMEs held at Piggs Peak Hotel and Casino, Prudence Mnisi from the Centre for Financial Inclusion reported that male owned MSMEs had a better chance of access to credit than female owned MSMEs with an estimated loan uptake of 19% for men and 13% for women (Zulu, 2022).

2.3.3. The Research GAP

The Kingdom of Eswatini like the rest of the world has over the years directed more attention to the development of the MSME sector through the establishment of a number of initiatives including SEDCO in 1970 a government company providing incubation and financial literacy training services to MSMEs (Centre for Financial Inclusion, 2018). Moreover, NAMBOARD was established in 1985 to provide different kinds of support to farmers in the country (Centre for Financial Inclusion, 2018). Additionally, the Small Scale Enterprise Loan Guarantee Scheme (SSELGS) was established in 1990 to improve access to finance for MSMEs from the banks (Centre for Financial Inclusion, 2018).

Similarly, the Eswatini Development Finance Corporation (FINCORP) was established in 1995 to improve access to finance for MSMEs (UNECA & Eswatini Government, 2021). Moreover, the SMME Unit was established in 2001 to provide an enabling environment for the development of the MSME sector through the establishment of appropriate policy interventions (Centre for Financial Inclusion, 2018). Similarly, our banks have also shown interest in supporting the sector through the establishment of the MSME departments with their respective institutions (Eswatini Bank, 2024). However, despite all these initiatives coming from both sides of the credit system access to finance for MSMEs remains a major challenge in the country (Dlamini, 2019; Fomum & Opperman, 2023; International Trade Centre, 2022; Zwane, 2019).

Therefore, the need for an extensive research on the subject of access to finance for MSMEs in the Kingdom of Eswatini cannot be ignored if a meaningful contribution to the development of the sector is to be achieved and the potential benefits of the sector to the relevant stakeholders (government, MSMEs, citizens of the country and financial institutions) in terms of employment creation, economic growth and poverty alleviation is to be manifested.

However, despite an overwhelming acknowledgement among the different studies on MSMEs in the country that access to finance continues to be a major challenge for the sector no study has been conducted focusing on investigating the barriers that actually impede the flow of funds from the financial institutions (banks, FINCORP and IDCE) to the MSMEs. Consequently, Hlatshwako (2012) in her study focused on the challenges faced by SMEs in Manzini, collecting primary data through semi structured interviews on a sample of 25 businesses selected through convenience sampling approach.

Moreover, FinScope (2017) report was produced from a survey that was conducted by our government with her partners aimed at scoping and sizing the MSMEs sector in the Kingdom of Eswatini. However, despite being a nationally representative survey it focused on the demand side of the credit system (FinScope, 2017). Moreover, the Centre for Financial Inclusion (2018, p. 1) conducted a study on “Making Access Possible SMEs” using data from the FinScope (2017) report for the demand side quantitative component and also focused on SMEs excluding the Micro businesses.

Furthermore, Dlamini (2019) using secondary data collected from the Central Bank of Eswatini investigated the relationship between the factors of credit rationing and their effect on access to credit from development finance institutions (FINCORP and IDCE). Moreover, Matsongoni et al. (2021) conduted a demand side survey using structured questionnaires administered to a sample of 394 SMEs in Manzini. Furthermore, Fomum and Opperman (2023) using secondary data from FinScope (2017) report conducted a demand side study aimed at investigating the effect of financial inclusion on the performance of MSMEs.

Therefore, given this background the need for investigating the barriers impending access to finance for MSMEs in Mbabane cannot be disputed in light of the scarcity of research on the MSMEs sector in the Kingdom of Eswatini as demonistrated by the few studies that are accessible on the internet currently. Additionally, the topic of this study has not been researched in the country hence this study is crucial in contributing to the reduction of the knowledge gap in this topic. Moreover, a methodological gap was also identified demanding the adoption of the mixed methods methodology. Futhermore, the rest of this chapter extensively review the literature relevant to this study from a global perspective.

2.4 Micro, Small and Medium Enterprises (MSMEs)

2.4.1 Definition of Micro, Small and Medium Enterprises

The definition of micro, small and medium enterprises is fundamental in understanding the sector and imperative in differentiating MSMEs from large businesses. Moreover, Liberto (2020) contends that MSMEs are businesses with assets, revenues and employees within a specified limit. Additionally, the European Commission (2022) asserts that the definition of SMEs is an important tool helping the sector in the region to recognize itself in order to be able to receive full support from EU and member states. Consequently, the development of MSMEs is prioritized by national governments, donor and development agencies in recognition of their significance in the economies of both developed and developing countries.

Moreover, World Bank Group (2019) notes that the success of MSME support is dependent on an appropriate definition of the sector. As a result, defining MSMEs is paramount in ensuring that support for the sector is not misdirected. Furthermore, the definition of MSMEs is important in determining the contribution of the sector to national economies in terms of economic growth, creation of employment, reduction of poverty and innovation.

Additionally, defining MSMEs is critical in determining the finance gap for the sector (globally, continental, regional and nationally). Moreover, Jassin and Khawar (2018) opine that the definition of MSMEs is imperative in addressing the issue of financial accessibility by the sector and helps in identifying those businesses that qualify for micro finance and those that qualify for commercial finance. However, according to the European Union (2015) defining MSMEs and differentiating them from large businesses is not an easy task due to the complexity of the business environment which is exercibated by the relationships that MSMEs have with large businesses.

As a result, a multitude of studies found that there is no universal definition of MSMEs and different countries have different definitions for the sector (Addo & Asante, 2023; Odebiyi, Fasesin & Ayo-Oyebiyi, 2020; Pedraza, 2021). Consequently, according to Muriithi (2017) a global analysis of MSME definition revealed huge difficulties in reaching a universal definition. Moreover, a study by Aucliello (1975) cited in Muriithi (2017) found 75 definitions in 75 countries that were studied. As a result, MSMEs are defined differently by countries around the world based on their national social and economic context (Addo & Asante, 2023; White, 2018). Moreover, asserts that the sector is defined differently by countries around the globe.

Furthermore, in some countries different institutions within a country have different definitions of MSMEs. Moreover, according to Jassin and Khawar (2018) in Pakistan there are five definitions used by different institutions within the country. Similarly, different definitions of the sector are adopted by SMEDAN and the National Council of Industries in Nigeria (Odebiyi et al., 2020). Additionally, the South African Revenue Service has its own definition of the sector which is different from the definitions used by the countries" two government development agencies: SEDA and SEFA (International Finance Corporation, 2018).

Consequently, the International Labour Office (2020, p 2) contends that a majority of MSME definitions use the “number employees, annual turnover and total assets”. Moreover, in Europe MSMEs are businesses with a staff compliment of “less than 250, annual turnover not exceeding EUR50 million and annual balance sheet not exceeding EUR43 million” (European Union, 2015, p. 3). However, in Canada and USA MSMEs are businesses with less than 500 employees. Furthermore, the “number of employees, total assets, annual turnover and capital invested” are used to define MSMEs in Southeast Asia (Asian Development Bank, 2020, p. 11).

Moreover, in Indonesia MSMEs comprise businesses with less than 99 employees, annual turnover between Rp2.5 million and Rp50 million, and net assets ranging between Rp500 million and Rp10 billion (Asian Development Bank, 2020). However, in Singapore the sector is defined based on the number of employees and annual turnover (Asian Development Bank, 2020). Furthermore, in India MSMEs are defined based on the investment in plant and equipment, and annual turnover (Government of India Ministry of MSMEs, 2021). Moreover, in Nigeria the Bank of Industry define MSMEs using the number of employees, annual turnover and total assets whereas SMEDAN National Policy on MSMEs use only the number of employees and total assets to define the sector (PwC, 2020).

Additionally, the Uganda Bureau of Statistics defines MSMEs using the number of employees, annual turnover and capital invested with the threshold of employees not exceeding 100 and total assets not exceeding UGX360 million (Ssempala & Mukoki, 2018). Furthermore, in South Africa MSMEs are defined based on the number of employees, annual turnover and total assets with different thresholds for different sectors (International Finance Corporation, 2018). Moreover, in South Africa MSMEs are businesses employing not more than 200 people (International Finance Corporation, 2018).

2.4.2 The Importance of Micro, Small and Medium Enterprises

There is a global consensus on the importance of MSMEs in the economies of both developed and developing countries. Moreover, the sector is vital in national economic development, job creation, poverty alleviation and innovation (Addo & Asante, 2023; Anshika & Singla, 2021; Cruz, Villanueva, Tolin, Disse, Lensink & White, 2023; Pedraza, 2021; Widyastuti, Ferdinand & Hermanto, 2023). As a result, MSMEs are recognized as the engines that drive economic growth of all countries (PwC, 2020). Moreover, Anshika and Singla (2021) contend that MSMEs account for 99% of all businesses around the world. Consequently, the MSME sector is demeed to be controlling the entire business environment and providing income & livelihood to millions of people employed in the informal sector (Asian Development Bank, 2020).

Furthermore, MSMEs are important in the economies European countries and critical in ensuring social stability, invigorating innovation & entrepreneurial spirit and driving economic growth & job creation (European Commission, 2022). Additionally, the European Commission (2022) contends that MSMEs account for 99% of all businesses in Europe and generating 75% jobs in the region. Moreover, the MSME sector accounts for 99% of all enterprises in the OECD countries generating 70% jobs and contributing 55% to the countries GDP (Anshika & Singla, 2021). Additionally, OECD (2021) note that MSMEs contribute 88.5% employment to the Canadian workforce.

Furthermore, according to the Raluca (2022) the MSME sector constitutes an engine of economic activities in the ASEAN member countries. Similarly, the Asian Development Bank (2020) contends that MSMEs are the lifeblood of the economy of Southeast Asia and vital in stimulating innovation, job creation, competition and domestic demand.

Moreover, the the sector accounts for 97.4% of all businesses in the region, contribute 69.4% employment and 41.1% of a country‟s GDP (Asian Development Bank, 2020). Consequently, MSMEs account for 99.9% in Cambodia and 98.5% in Malaysia of all enterprises in those countries (Asian Development Bank, 2020). Moreover, the MSME sector accounts for 99.9% of all businesses in Indonesia, employing 97% of the country‟s workforce and contribute 61% to the country‟s GDP (Asian Development Bank, 2020). As a result, Widyastuti et al. (2023) assert that MSMEs play an important role in ensuring sustainability of the economy of Indonesia.

Furthermore, MSMEs are the engine for economic growth in Africa accounting for 97% to 99% of all businesses in Sub Sahara Africa (Chundu, Pindiriri & Kaseke, 2020). Consequently, according to PwC (2020) MSMEs contribute 50% of Nigeria‟s GDP and accounts for 80% of the country‟s workforce. Moreover, UIA (2018) cited in Lakuma, Marty and Muhumuza (2019) note that MSMEs account for 90% of Uganda‟s private sector production and vital in the generation of income for the poor in that country. Additionally, MSMEs are crucial to the livelihood of the people of Kenya and contributed 90% of new jobs in the country in 2019 (Central Bank of Kenya, 2021).

Furthermore, the MSME sector is the backbone of SADC member countries account for 90% of all formal businesses in South Africa, employ between 50 – 60 percent of the country‟s workforce and contribute approximately 34% of the country‟s GDP (International finance Corporation, 2018). Moreover, in Zimbabwe the lives of 80% of the country‟s population are supported by MSMEs (Svodziwa, 2021). Similarly, the MSME sector is crucial to socio-economic development of Lesotho accounting for about 16,000 registered enterprises in country (Ramonyatsi, 2020).

2.5 Theoretical Framework & Industry Field

A theoretical framework forms a crucial component of a research study irrespective of the field and the level at which the study is conducted (honors, masters or doctoral). Moreover, the framework helps explain established theories relevant to a study and provide a basis of which all knowledge of a study is developed. Additionally, it helps in situating a research study in existing theory hence improving the rigor and quality of a study. As a result, Grant and Osanoo (2014) define a theoretical framework as a plan for the entire thesis. Consequently, the purpose of this study is to "investigate the barriers impeding access to finance for MSMEs in Mbabane Eswatini, through a comprehensive study that aims to draw comments from both sides of the credit system (supply and demand)".

However, identifying these barriers requires a deeper understanding of the finance lending ecosystem. Moreover, Awunyo-Vitor (2018) explains that both the supply and demand factors are crucial in examining access to finance. Similarly, Abraham and Schmukler (2017) assert that the supply and demand factors are critical in explaining the limited use of banking services by MSMEs. Furthermore, according to Abbasi, Wang and Abbasi (2017) businesses require finance throughout their life cycle. Moreover, Inngot (2017) cited in Brassell and Boschmans (2018) argue that different sources of finance are relevant at different stages of a business development life cycle. As a result, developing an appropriate theoretical framework for this study demands a deeper understanding of the different sources of finance, company development stages and the finance theories.

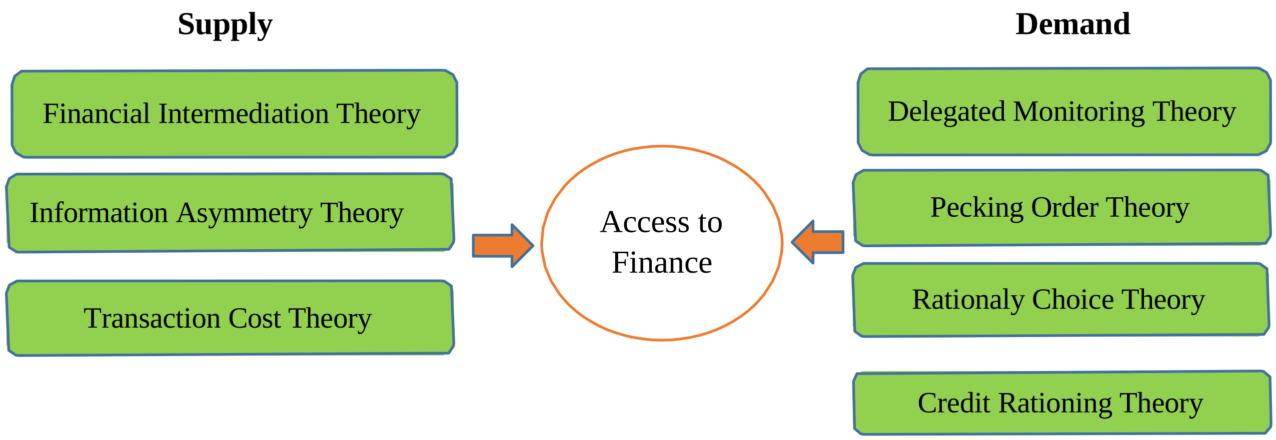
Consequently, a multitude of theories relating to MSME access to finance are available: "financial intermediation theory, delegated monitoring theory, information asymmetry theory, transaction cost theory, credit rationing theory, pecking order theory, rational choice theory, dynamic theory of lending, trade-off theory, human capital theory, firm theory and strategy theory" (Abdesamed & Wahab, 2014; DePue, 2020; Fishman, Parket & Strub, 2020; Sulistya & Darwanto, 2016). However, Abdesamed and Wahab (2014) argue that there is no specific or single theory that explains how businesses access external formal finance.

Therefore, in line with the research problem, objectives, questions and purpose of these study only seven theories are deemed relevant for this study: "financial intermediation theory, information asymmetry theory, transaction cost theory, delegated monitoring theory, pecking order theory, rational choice theory and credit rationing theory". Moreover, financial intermediation theory, information asymmetry theory and transaction cost theory explain the supply side of the credit system; in contrast, delegated monitoring theory, pecking order theory, rational choice theory and credit rationing explain the demand side of the credit system.

Consequently, in this study the relevant theories on access to finance are well articulated and discussed in detail hence have been crucial in forming a basis for this theoretical framework. Moreover, this theoretical framework is built upon the work of (Awunyo-Vitor, 2018) on the "Theoretical and Conceptual Framework of Access to Financial Services by Farmers in Emerging Economies: Implications for Empirical Analysis". Additionally, these theories are well articulated in figure 2.2 below and discussed in detail in the next sections.

Figure 2.2

Theoretical Framework



Note: Adapted from the Four theories of access to financial services, by Awunyo-Vitor, 2018, p. 48

2.5.1 Financial Intermediation Theory

According to Fasola, Asikhia, Akinlabi and Makinda (2020) this theory was developed by Gurley and Shaw in 1960. Moreover, this theory explains the role of banks and other financial institutions in the financial system and defined by (Adedamola & Adewale, 2015, p. 69) as "the process whereby financial resources are mobilized by banks in the form of savings and transformed into credit". Additionally, according to Boot, Hoffmann, Laeven and Ratnovski (2020) the key role of a financial system is to convert savings into investments.

Consequently, banks and other financial institutions act as intermediaries collecting money from depositors or savers and lending it to the borrowers (Fasola et al. 2020). As a result, financial intermediaries are regarded as agents entrusted with the responsibility of investing funds from savers or investors with borrowers (Diamond, 1996). Consequently, a study by Shittu (2012) found that financial intermediation played an important role in Nigeria‟s economic growth.

Similarly, a study by Bongomin, Ntayi, Munene and Akol (2017) revealed that financial inclusion and financial intermediation were positively related in Uganda. Furthermore, Ratnawati (2020) found that access to finance is significantly influenced by financial intermediation in Malang, Indonesia and concluded that financial intermediation can increase access to finance. Therefore, this theory is deemed relevant for this study as financial intermediaries are the major sources of finance (Diamond, 1996). Moreover, understanding the business model of financial intermediaries is paramount in answering the research question of this study.

2.5.2 Information Asymmetry Theory

According to Fasola et al. (2020) the information asymmetry theory was proposed by Akerlof in 1970 and arises where participants to an agreement do not have the same amount of details. Moreover, this position leads to a power disparity among the parties involved in a transaction which may lead to market failure (Bello & Mustapha, 2021). As a result, where a firm is engaged in a contract with an outsider, the theory assumes that the firm possesses private information about the entire business than the outsider.

Consequently, in a credit application business managers or owners have better information about their business performance, risks and growth prospects than banks, and this position affects the assessment process as banks are unable to differentiate between high and low risk customers (Fasola et al. 2020; Osano & Languitone, 2016). Moreover, Wang, Lee and Ko (2020) note that borrowers have better information about the risk associated with a loan facility than the lenders. Consequently, according to Yoshino and Taghizadeh-Hesary (2017) there is information asymmetry between borrowers of funds and the banks. Moreover, according to Lean and Tucker (2001) there is consensus among different authors that the existing finance gap is a result of information asymmetry between loan applicants and financial institutions.

Additionally, Prihantoro and Nuryakin (2020) contend that information asymmetry between the participants to a loan facility increases the risk of default. Furthermore, a number of studies note that moral hazard and adverse selection are the result of information asymmetry (Abdelhafid & Mohammed, 2019; Zwane, 2019). Consequently, Wang et al. (2020) assert that insufficient collateral and information asymmetry influence credit rationing.

Additionally, Xhaferi and Xhaferi (2015) note that information asymmetry between managers and investors lead to the pecking order, as a result, banks prioritize businesses with a proven track record and collateral. However, Yoshino and Taghizadeh-Hesary (2017) contend that MSMEs experience more challenges in accessing finance than large businesses due to the lack of reliable documents on their performance such as audited financial statements. Moreover, Arinaitwe and Mwesigwa (2015) opine that lack of information is the main reason affecting access to credit for MSMEs as financial information is critical in the assessment of lending proposals. Similarly, Osano and Languitone (2016) note that information asymmetry is the stumbling block affecting SME access to finance in the Sub-Saharan Africa.

Therefore, this theory is deemed appropriate for this study as observed by (Awunyo-Vitor, 2018) that transaction cost and information asymmetry theories describe the supply side of access to finance. Moreover, Ikeda (2019) note that information asymmetry is vital in understanding the supply of credit. Additionally, Fasola et al. (2020) contend that information asymmetry affects the availability of finance. Furthermore, this theory has been used in number of studies (Antoine, Stanislas & Gustave, 2021; Bello & Mustapha, 2021; Fasola et al. 2020).

2.5.3 Transaction Cost Theory

According to Rindfleisch (2019) transaction cost theory was established by Ronald Coase in 1937 with Oliver Williamson playing a crucial role in raising its maturity. Moreover, Ajuwan, Ikhide and Akotey (2018) explain that transaction costs are costs incurred by both the lender and borrower during the lending process. Additionally, according to Sulistya & Darwanto (2016) transaction costs include the assessment of the borrower"s creditworthiness, approval and disbursement of the loan, and are critical in access to credit. Furthermore, Ajuwan et al. (2018) note that high transaction and administration costs are a result of information asymmetry, high risk perception and lack of collateral.

Moreover, Awunyo-Vitor (2018) contends that transaction costs are derived from bounded rationality and opportunism. Additionally, high transaction costs are exercibated by the lack of familiarization with the loan application process by borrowers (Ajuwan et al. 2018). Consequently, Sulistya and Darwanto (2016) note the critical role that transaction costs play in access to credit which exercibate the cost of intermediation. However, according the OECD (2015) the impact of transaction costs on access to finance is more severe on SMEs compared to large businesses owing to the opacity of their information. As a result, commercial banks are unwilling to lend funds to MSMEs due to high transaction costs.

Consequently, in trying to mitigate the implications of transaction costs, banks impose high interest rates, strict borrowing terms and credit rationing on SMEs than large businesses (OECD, 2015). As a result, high interest rates increase the cost of borrowing or intermediation with a significant impact on the performance of small business as it reduces its profit margins. Additionally, high collateral also becomes a stumbling block for MSMEs access to finance as most of these businesses lack relevant assets.

Consequently, MSMEs become reluctant or less interested in applying for bank credit due to the above mentioned factors a position that has a massive impact on the current prevailing access to finance gap. Therefore, this theory is deemed appropriate for this study as observed by (Awunyo-Vitor, 2018) that transaction cost theory and information asymmetry theory explain the supply side of access to finance. Moreover, this theory has been used in a number of studies (Awunyo-Vitor, 2018; Rindfleish, 2019).

2.5.4 Pecking Order Theory

The pecking order theory was proposed by Myers S. C. and Mujluf N. S. in 1984 (Oshora, Desalegn, Gergenyi-Hegyes, Fekete-Farkas & Zeman, 2021). Moreover, the theory is grounded on the premise that businesses favor internal sources of finance over external sources and debt over equity (Zabri, Ahmad & Adonia, 2021). Consequently, Kuruppu and Azeez (2016) assert that the theory emphasizes that small businesses seek external financing when internal sources are found to be inadequate. Furthermore, Jibran, Wajid, Waheed and Muhammad (2012) opine that profitable businesses always prioritize internal sources of finance over debt and equity.

Similarly, Botta et al. (2016) cited in Oshora et al. (2021) note that internal sources of funding are prioritized over external sources. Moreover, Kuruppu and Azeez (2016) in their study found that the hierarchy of startup finance followed the pecking order theory in SMEs in Sri Lanka. As a result, according to Xhaferi and Xhaferi (2015) internal sources of finance should be considered as the first choice and equity as the last resort. Significantly, Bessler et al. (2008) cited in Jibran et al. (2012) found that the pecking order theory was supported by both US and non US businesses. Additionally, the pecking order theory is also supported by studies conducted in developing countries (Jibran et al., 2012).

Therefore, this theory is deemed appropriate for this study as observed by (Kuruppu & Azeez, 2016) that the decision of selecting a source of finance is crucial for any business irrespective of the size and industry. Moreover, this theory will be imperative in explaining the use of own savings, funds from family and friends for startup capital because the use of this sources of finance for startup capital has been associated with lack of access to finance in the Kingdom of Eswatini (FinScope, 2017). Significantly, this theory has been used in a study on sources of finance by (Zabri et al., 2021).

2.5.5 Rational Choice Theory

According to DePue (2020) rational choice theory was developed by George Homans in 1961 through the platform of behavioral psychology. Moreover, Awunyo-Vitor (2018) asserts that the theory is advanced by neo-classical economists. Additionally, Ogu (2013) asserts that rational choice theory is a theory of understanding and modeling social and economic as well as individual behavior. Consequently, Posner (1997) cited in DePue (2020) explains that the goal of rational choice theory is the desirability and rationality of the outcome of the choice and not the rationality of the choice. Furthermore, Elster (1989) cited in Ogu (2013) emphasized that the core of rational choice theory is that when a person if faced with a number of options to make a decision the best overall outcome influences the decision he or she makes. Moreover, Becker (1993) cited in Brege (2019) notes that the rational choice theory advances that an understanding of the cost benefit analysis is crucial in decision making.

Additionally, Ogu (2013, p. 96) contends that the rational choice theory perceives individuals as being “rational, self-calculating, self-interested and self-maximizing”. Furthermore, according to Awunyo-Vitor (2018) the rational choice theory is grounded in the basic principle that people make best choices critical in achieving their objectives.

However, the failure of the rational choice theory to recognize that the success of an outcome of a decision is influenced by other factors outside individual decision has led to a heavy criticism of the theory (Awunyo-Vitor, 2018). Therefore, this theory is deemed appropriate for this study as observed by (Awunyo-Vitor, 2018) that choosing among different services provided by intermediaries poses a massive challenge for individuals. Moreover this theory has been used in studies conducted by (Brege, 2019; DePue, 2020).

2.5.6 Delegated Monitoring Theory

The delegated monitoring theory was developed by Douglas W. Diamond in 1984 and explains the role that intermediaries play in financial intermediation of being delegated monitors (Diamond, 1984). Moreover, according to this theory financial intermediaries are entrusted with a huge responsibility of ensuring that depositors" savings are kept safe and invested wisely in facilities with positive returns for the investors. Additionally, financial intermediaries have a duty to ensure that excessive risk taking and staff negligence are minimized and depreciation in deposit value or losses are avoided (Awunyo-Vitor, 2018). Furthermore, according to Diamond (1984) the role of delegated monitoring was assigned to banks by Schumpeter in 1939.

Moreover, Schumpeter argued that it is the responsibility of the bank to get a deeper understanding of not only the transaction that the bank is requested to finance but also the business and customer including his or her private habits (Diamond, 1984). Additionally, Diamond (1984) opines that financial intermediaries are delegated monitors because they borrow funds from savers using debt that is not monitored and lend to loan applicants loans that they have to monitor.

Consequently, delegated monitoring involves entrusting the intermediaries with the responsibility of ensuring diligent screening processes of loan applications to ensure that appropriate loan decisions are taken and compliance with loan obligations is improved (Awunyo-Vitor, 2018; Branzoli & Fringuellotti, 2020). Moreover, Diamond (1984) asserts that intermediaries are entrusted with a massive responsibility of monitoring loan contracts written with businesses who borrow from them.

However, monitoring is a process that does not come for free as observed by (Diamond, 1984) that the cost of monitoring are higher when such a process in duplicated. Moreover, monitoring is duplicated in the absence of delegated monitors, a position that would entail savers lending directly to borrowers and each lender monitoring his or her loan directly or not monitoring at all (Diamond, 1984). Consequently, delegated monitors or intermediaries have a cost advantage compared to direct monitoring by lenders (Diamond, 1984). As a result, delegated monitoring theory is crucial in reducing monitoring costs.

Therefore, this theory is deemed relevant for this study as observed by (Awunyo-Vitor, 2018) that the delegated monitoring theory is associated with the demand side of the credit system. Moreover, this theory was used in a study by Awunyo-Vitor (2018) as a crucial component of the theoretical framework of a study on access financial services by farmers in emerging countries.

2.5.7 Credit Rationing Theory

According to Bello and Mustapha (2021) credit rationing theory was developed by Stiglitz and Weiss in 1981 and arises when a borrower who has applied for funding is denied credit by the lender despite his or her willingness to pay a higher interest. Moreover, Masambu, Antony and Malenya (2018) cited in Fasola et al. (2020, p. 716) define credit rationing as “a situation in which the demand for credit exceeds the supply of credit at the prevailing interest rate”. Additionally, Antoine et al. (2021) note that credit rationing is one the strategies banks use as a risk mitigation measure.

Moreover, according to Jin and Zhang (2019) credit rationing is the paramount source of obstacles for business financing. Additionally, Bonnet, Cieply and Dejardin (2016) assert that credit rationing is a result of information asymmetry. However, a study by Kasereka (2016) cited in Antoine et al. (2021) revealed that lack of collateral and bankable projects are the reasons for credit rationing. Furthermore, a study by Kimutai and Ambose (2013) found that in Kenya loan characteristics, firm characteristics and observable characteristics are critical in influencing credit rationing by banks. Moreover, a study by Stiglits & Weiss (1981) cited in Jin and Zhang (2019) found that credit rationing is a result of adverse selection and moral hazard influenced by information asymmetry.

Additionally, Young (2012) cited in Jin and Zhang (2019) also cite credit rationing as one of the main reasons SMEs experience challenges in accessing bank loans. However, Jin and Zhang (2019) note that small and micro enterprises are more likely to be credit rationed than medium and large businesses. Similarly, a study by Alexandre and Buisson (2010) cited in Antoine et al. (2021) found that young SMEs with no collateral are most credit rationed.

Moreover, a study by Antoine et al. (2021) found that lack of accounting information is the main reason why SMEs in Cameron are credit rationed. Additionally, a study by Jin and Zhang (2019) revealed that credit rationing is the outcome of the rational choice by banks for the purpose of profit maximization. However, according to Antonie et al. (2021) credit rationing could be reduced by the availability of a credit guarantee. Moreover, Wang et al. (2020) assert that loan guarantees targeting high-risk entrepreneurs can eliminate credit rationing. Additionally, the authors warn that credit guarantees targeting low risk businesses exercibated the problem of credit rationing. Therefore, this theory is deemed appropriate for this study as observed by (Bello & Mustapha, 2021) that credit rationing theory is one of the key theories that focus on financing gap analysis. Moreover, this theory has been used in studies by (Antoine et al. 2021; Bello & Mustapha, 2021).

2.6 The Concept of Finance

2.6.1 Definition of Finance

Finance is the foundation of all businesses irrespective of the size and critical at all the stages of a business life cycle. Moreover, Shrotriya (2019) contends that all enterprises require finance to fund their business activities. As a result, a number of studies have been conducted on access to finance for MSMEs by professional and academic researchers (Kolakovic, Turuk & Turcic, 2019; Oke, Uthman & Ademokoya, 2020; Uddin, Jamil & Khan, 2022). Consequently, understanding the state of access to finance for MSMEs (global, continental, regional and national) requires a deeper understanding of what finance is? However, not many studies have considered the importance of discussing the definition of finance. As a result, Paramasivan and Subramanian (2020) note that different researchers define finance differently.

Moreover, Wheeler define finance as an activity concerned with the acquisition and conversion of capital funds whereas Guthumann and Dougall define finance as an activity concerned with planning, raising, controlling and administration of funds utilized in business (Paramasivan & Subramanian, 2020). Additionally, Parhter and Wert define finance as an activity concerned with raising, administering and disbursing funds (Paramasivan & Subramanian, 2020). Moreover, the authors contend that finance is an art and science of managing money or the provision of money when needed.

Additionally, according to Paramasivan and Subramanian (2020) finance includes capital, funds, money and amount. Furthermore, in the book of Drake and Fabozzi (2010) finance is defined as a professional discipline concerned with money and the future. Moreover, the authors contend that finance provides a structure concerned with the acquisition and utilization of funds. Additionally, McLaney (2009) asserts that business finance is concerned with how financing and investment decisions are made practically and theoretically.

However, according to Shivaji University (2017) business finance refers to money and credit employed in business, and includes all types of funds used in a business. Similarly, Harelimana (2017) asserts that finance is money and usable in a number of methods (company investment and individual use). Additionally, Menberu (2018) contends that SME finance refers to funding for the sector. Consequently, in line with the objectives of this study and for clarity the definition of finance by (Harelimana, 2017; Menberu, 2018; Shivaji University, 2017) is deemed appropriate.

__2.6.2 The Importance of Finance__

Finance is the foundation and lifeblood of all businesses around the globe. Moreover, it is the cornerstone of all businesses irrespective of the size & sector at which they operate and critical to the survival & growth of an enterprises (Rajamani et al., 2022). Additionally, according to Singh and Wasdani (2016) MSMEs require finance in all the stages of a business development life cycle (startup, growth and sustenance). Moreover, Abbasi et al. (2017) contend that finance is critical in ensuring business growth throughout a firm‟s life cycle. As a result, McKernan and Chen (2005) cited in Manaye and Tigro (2017) assert that finance is the backbone of all enterprises.

Consequently, according to Zelalem and Wubante (2019) finance is one of the critical components of performing research and development (R&D) activities of MSMEs. Moreover, Menberu (2018) contends that adequate finance is crucial in ensuring sound investment and innovation activities. Additionally, according to Harelimana (2017) finance is paramount in business startup and its sustainability. Furthermore, Frimpong (2018) emphasizes the importance of finance in ensuring MSMEs growth and development. Similarly, Shivaji University (2017) contends that businesses require finance for working capital, purchase of assets and inventory.

Additionally, finance plays an important role in enabling businesses to acquire the latest version of equipment and technology hence improving their competitiveness (Ndala, 2019; OECD, 2019). Consequently, finance is fundamental in business startup, sustainability and growth. As a result, a number of studies have noted the importance of finance in supporting the development and growth of businesses (Flaminiano & Francisco, 2021; PwC, 2020). Moreover, Fatoki (2021) notes the importance of finance in ensuring business growth through financing of both new and existing projects.

Additionally, the Asian Development Bank (2020) emphasizes the importance of finance in MSMEs growth and asserts that finance forms an integral element of the sector‟s growth. Therefore, the importance of finance cannot be overemphasized as observed by (Alliance for Financial Inclusion, 2020) that lack of finance during startup, sustenance and growth might compromise a business the chance of reaching its full potential. Moreover, Rajamani and Nirmal (2019) note the importance of finance in guaranteeing productivity and profitability.

2.6.3 Sources of Finance

Sources of finance are the basis of access to finance irrespective of the size of a business (MSME or large). As a result, without a source of finance access to finance is not possible regardless a of country‟s economic status (developed or developing). Moreover, there are a number of sources of finance available to borrowers for personal and business purpose. Similarly, Ndala (2019) contends that SME finance come from variety of sources. Consequently, sources of finance involve: "personal savings, family and friends, private equity, share capital, retained earnings, bank loans & overdrafts, business angels, venture capital, mezzanine finance, trade credit, factoring and invoice discounting, leasing, listing, chain financing and crowd funding" (Abbasi et al. 2017; Menberu, 2018; Ndala, 2019).

However, according to a number of studies sources of finance are classified as formal and informal (Asiamah, Steel & Ackah, 2021; Kuruppu & Azeez, 2016; Singh & Wasdani, 2016). Moreover, formal sources of finance refer to regulated institutions like banks whereas informal sources refer to "personal, family, friends, directors and trade credit" (Rajamani & Nirmal, 2019; Singh & Wasdani, 2016). Additionally, sources of finance are classified as internal and external.

Moreover, according to Shrotriya (2019, p. 935 - 937) internal sources of finance involve "retained earnings, accumulated depreciation, advance from customers, trade credit, reserves, unpaid liabilities, unpaid dividends, unpaid interest on debentures, cash generated from sale of assets and savings in transactions". In contrast, external sources are "firm owners, companions and relatives, banks and financial institutions, suppliers and merchants, government and non-government offices" (Hisrich & Peters, 1995 cited in Abbasi et al., 2017, p. 41). Furthermore, Shrotriya (2019) warns that sources of finance that are appropriate to meet short term needs are different from those that are appropriate to meet long term needs.

Moreover, long term needs could be financed by "equity shares, preference shares, debentures or bonds and long term loans" from banks and other financial institutions whereas short term needs could be financed by bank overdrafts and short term loans from banks and other financial institutions (Shrotriya, 2019). Additionally, according to Brassell and Boschmans (2018); Singh and Wasdani (2016) different sources of finance are relevant at different stages of a business life cycle. Moreover, Brassell and Boschmans (2018) contend that debt is not an appropriate source of finance during the early stage and appropriate during the maturity stage.

Consequently, Singh and Wasdani (2016) opine that personal, family, friends, money lenders, private and government owned banks are relevant sources of finance during startup, survival and growth stages whereas corporate, private and public banks are appropriate at funding sustenance stage. Significantly, Ndala (2019) warns that despite the multitude of sources of finance a number of them may not be accessible to the MSME sector. Therefore, a deeper understanding of the different sources of finance including their relevance to the different stages of a business life cycle is fundamental in informing the choice of an appropriate source of finance (Abbasi et al. (2017).

2.6.4 Access to Finance for MSMEs

Accessibility of finance is fundamental to the success of all businesses irrespective of the size and sector (Bakhtiari, Breunig, Magnani & Zhang, 2020). Moreover, access to finance refers to the accessibility of financial products and services by the demand side from the supply side without any obstacles and at an affordable cost (Chowdhury & Alam, 2017; Menberu, 2018). Consequently, in Bangladesh access to finance refers to the extent to which SMEs are able to obtain appropriate and affordable funds from lenders (Chowdhury & Alam, 2017). Moreover, in relation to this study access to finance refers to the accessibility of finance by MSMEs from financial institutions such as banks and development finance institutions at an affordable cost.

Moreover, according to Flamiano and Francisco (2021) access to finance is vital in supporting MSME growth and innovation. Additionally, Menberu (2018) notes the importance of access to finance on business development and contends that innovation & investment are impossible without access to finance. Furthermore, OECD (2019) contends that access to finance is imperative in ensuring increased competitiveness of an enterprise through enabling them to modernize their equipment and technology.

However, access to finance continues to be cited as a global challenge by a multitude of studies conducted by professional and academic researchers (Fatoki, 2021; Matsongoni et al, 2021; OECD, 2019; Rajamani & Narmal, 2019). Moreover, Bello and Mustapha (2021) contends that the challenge of MSME access to finance has drawn the attention of a number of stakeholders and has been discussed by business owners, banks, governments, researchers and academia. Additionally, OECD (2019) opines that the challenge of access to finance was exercibated by the global financial crisis of 2008/2009. Moreover, Addo and Asante (2023) assert that access to credit by SMEs has been a major issue for many years.

As a result, access to finance is accepted as a universal challenge to the growth of MSMEs (Anshika & Singla, 2021). Furthermore, according to Flamiano and Francisco (2021); OECD (2019) access to finance is associated with the size of a business, indicating that small enterprises are more constrained than large businesses. Moreover, a number of studies on MSMEs suggest that the sector face bigger obstacles than large firms in access to finance (Bakhtiari et al., 2020). Similarly, according to the World Bank Group (2019) MSMEs are more constrained compared to large businesses. As a result, Kolakovic et al. (2019) opine that large businesses will always be the preferred lending choice for the banks.

Furthermore, Oshora et al. (2021) assert that despite the improved financial risk in both developed and developing countries access to finance remains a key challenge for MSMEs in emerging economies. Moreover, the accessibility of MSME finance is cited as a key challenge by more than 50% of businesses in emerging economies (World Bank Group, 2019). Similarly, the Alliance for Financial Inclusion (2020) contends that lack of financial accessibility is reported as a critical challenge affecting MSME development in emerging economies. Consequently, a finance gap in the sum of USD 5.2 trillion is estimated in developing countries (International Finance Corporation, 2018).

Furthermore, according to the Herera (2020) in Latin America and the Caribbean there is a finance gap in the sum of US Dollars 1.8 trillion. Additionally, the United Nations (2022) assert that accessibility of MSME finance remains a key challenge for countries in Asia with a study conducted by the Asian Development Bank on twenty Asian countries reporting that SME loans represent 18.7% of the total bank lending. Moreover, access to finance is cited as a major issue in India (Rajamani et al., 2022).

Similarly, Penh (2019) contends that 66% businesses in Cambodia report access to finance as a major challenge in the country. Moreover, a MSME finance gap in tune of US Dollars 3.6 billion in Nepal is repoted (United Nations, 2020). However, the challenge is said to be more severe in the Middle East and Sub-Saharan Africa rising up to 80% (World Bank Group, 2019). Moreover, the International Labour Organization (2022) contends that lack of access to finance is cited as one of the major challenges affecting the development of SMEs in Africa. Additionally, Ajayi et al. (2021) assert that approximately 70% MSMEs in Africa are financially constrained resulting in a finance gap in the tune about USD 140 billion.

Consequently, Gumel and Bardai (2021, p. 220) assert that "Researchers have identified inadequate access to finance as one of the factors negating the success of SMEs in Nigeria". Moreover, according to Bello and Mustapha (2021) access to finance remains a huge challenge for a majority of MSMEs in Nigeria. Furthemore, Eshetu and Mammo (2009) cited in Zelalem and Wubante (2019) contends that 79% MSMEs in Kenya cite access to finance from formal financial institutions as a major problem. Additionally, the International Monetary Fund (2018) asserts that only 3% of the population of Mali managed to obtain a loan in 2014 with 33% borrowing from family and friends.

Furthermore, according to Fatoki (2021) access to finance remains a major problem for MSMEs in the SADC region with a majority of them depending on owners" funds for startup. Moreover, Ndala (2019) contends that access to finance has been identified as a major obstacle to the survival and growth of SMEs in Malawi. Similarly, Pendame and Akotey (2023) assert that access to finance continues to be a major challenge for MSMEs in Malawi with the FinScope Survey of Malawi conducted in 2012 reporting that only 12% MSMEs had access to credit from micro finance institutions or cooperatives.

Additionally, the International Finance Corporation (2018) notes that MSMEs are financially constrained in South Africa with an estimated finance gap in the sum of US Dollars 30 billion in the country. Moreover, the Alliance for Financial Inclusion (2022) contends that approximately 60% micro enterprises report access to finance as a major challenge to their businesses in Zambia. Similarly, a study by Shilyomunhu (2017) in Namibia Bokamoso Entrepreneurial Centre found that 83.3% SMEs did not have access to credit.

2.7 Collateral and Access to Finance for Micro Small and Medium Enterprises

2.7.1 Definition of Collateral

Collateral plays an integral role in influencing access to finance in developed and developing countries. Moreover, collateral is critical on access to finance for MSMEs and large businesses across all sectors and a decisive factor in the approval of loan applications between borrowers and lenders (Orie, 2020; Saifurrahman & Kassim, 2022). Moreover, Chowdhury and Alam (2017) note that lending against collateral is popular in financing MSMEs. Similarly, McLean and Charles (2020) contends that collateral is a critical factor in access to finance in the Carribean. As a result, understanding collateral becomes imperative in discussing access to finance for MSMEs.

Consequently, according to Joan (1995) cited in Balogun, Agumba and Ansary (2018) collateral refers to an asset pledged by a borrower to a lender to secure a loan repayment. Moreover, collateral offers protection to the lender in case the borrower is unable to meet his or her obligations (Balogun et al., 2018). Additionally, Njue and Mbogo (2017) assert that collateral is a security pledged to ensure repayment of a loan facility in case of default. Similarly, Gitman (2003) cited in Osano and Languitone (2016) contends that collateral refers to assets committed by a borrower to a lender as security.

Moreover, according to Osano and Languitone (2016) assets pledged by borrowers should be utilized to liquidate the related principal debt in case of default or failure to meet loan obligations and should be realizable or sellable under normal conditions and within a reasonable time. Additionally, Garrett (2009) cited in Osano and Languitone (2016) contend that houses, businesses, cars, and anything that could actually bring back the principal constitute collateral. Furthermore, according to Flaminiano and Francisco (2021) fixed assets such as land and building, and equipment are normally accepted as collateral.

Additionally, Abraham and Schmukler (2017); Mund (2020) contend that banks favor immovable assets which are unlikely to be hidden and subjected to ownership disputes as collateral. However, Agyei (2018) asserts that investments could also be used as collateral. Moreover, according to Abbasi et al. (2017) accounts receivables could be used as collateral in factoring and invoice discounting. However, Thuku (2017) warns that assets pledged as collateral must be capable of being realized at a fair market and within a reasonable time.

Moreover, the pledged assets must be realized to recover the outstanding balance in case of default (Thuku, 2017). Consequently, according to Abraham and Schmukler (2017) the availability of relevant institutions for enforcing the sale of pledged assets is vital in enticing banks to provide collateralized loans.

2.7.2 The Importance of Collateral on Access to Finance

The importance of collateral in influencing access to finance by borrowers from lenders cannot be overemphasized as observed by (Bougheas et al., 2006 cited in Zelalem & Wubante, 2019) that the collateral requirement on external finance is a decisive factor in the assessment of loan applications. Moreover, collateral is paramount in ensuring protection of the lender against default by the borrower (Joan, 1995 cited in Balogua et al., 2018).

As a result, Njue and Mbongo (2018) contend that collateral serves as an assurance that borrowed funds will be recovered in case of failure by the borrower to meet his or her obligation. Moreover, Orie (2020) contends that collateral plays an important role in mitigating the risk of adverse selection and moral hazard. Significantly, collateral is critical in enabling banks and other financial institutions to execute their financial intermediary function diligently. As a result, collateral enables financial intermediaries to prudently perform their duties of delegated monitoring and ensure that the interest of the lenders is always well protected.

Consequently, Coneig et al. (2015) cited in Prihantoro and Nuryakin (2020) note the significant contribution of collateral in the success of loan repayments. Moreover, according to Yoshino and Taghizadeh-Hessary (2017) collateral is an easy approach of reducing credit risk in the establishment of a loan facility. Additionally, Abraham and Schmukler (2017) contend that collateral is critical in addressing challenges of information asymmetry in loan formulation process. Furthermore, Prihantoro and Nuryakin (2020) assert that collateral plays an important role in mitigating bank"s lack of relevant MSME loan evaluation expertise.

Therefore, collateral remains crucial in improving the prospects of MSME access to finance as observed by the (International Finance Corporation, 2018) that collateral is the common key instrument used by banks to secure loan facilities. Moreover, businesses with collateral are in a better position to access MSME finance (Orie, 2020). Additionally, Kolakovic et al. (2019) note that collateral is the main requirement for bank loans. As a result, Orie (2020, p. 14) asserts that "Collateral is a crucial condition in lending".

Furthermore, Bougheas et al. (2006) cited in Zelalem and Wubante (2019) opine that collateral is vital in determining the accessibility of funds from lenders. Moreover, according to Tadjibaeva (2019) global statistics state that collateral is a key requirement in an average of 78.9% of all loans. Additionally, collateral is required in 96.5% of all loans in Uzbekistan (Tadjibaeva, 2019). Moreover, the International Finance Corporation (2018) contends that 75% of all loans in South Africa were secured by collateral. However, lack of collateral has been cited as the major obstacle in access to finance for many businesses (Kolakovic et al., 2019). Moreover, Orie (2020) contends that collateral is one of the major obstacles of access to credit in Suriname.

Similarly, Alliance for Financial Inclusion (2021) asserts that AFI members cited collateral as one of the barriers affecting access to MSME finance from formal financial institutions. Furthermore, Saifurrahman and Kassim (2022) found that collateral was a compulsory requirement for access to finance for MSMEs in Islamic banks in Indonesia. Moreover, according to Abbasi et al. (2017) lack of appropriate collateral is one of the key challenges faced by MSMEs in improving access to finance in Nepal. Additionally, a study by Manaye and Tigro (2017) found that the shortage of collateral was a major obstacle in access to finance for women entrepreneurs in Ethiopia. Moreover, Tadjibaeva (2019) note that without collateral, SMEs continue to be denied access finance even if they have positive cash flows and purchase orders.

2.7.3 The Influence of Collateral on Access to Finance for MSMEs

Collateral plays an integral role in influencing access to finance for micro small and medium enterprises. Moreover, according to the World Bank Enterprise Survey 79% of all loan applications require collateral to be successful (International Finance Corporation, 2017). As a result, collateral remains a critical element of the credit system in both developed and developing economies. Consequently, a study by the European Investment Bank (2016) found that in Georgia access to bank loans was constrained by collateral requirements. Moreover, these findings are supported by a study conducted by World Bank Group (2018) on access to finance for MSMEs which found that unacceptable collateral led to the rejection of all loan applications for female led businesses in Bosnia and Herzegovina. Similarly, the United Nations (2020) found that strict collateral requirements were one of the factors influencing access to bank loans in Nepal.

Furthermore, Uddin et al. (2022) conducted a demand side study on a sample of 200 MSMEs in India and found that collateral was one of the main factors affecting access to finance for the sector. Similarly, a study by Singh and Wasdani (2016) on finance for MSMEs in India found that collateral was one of the challenges that impede access to finance by the sector in the country. Additionally, these findings are supported by a study by Chowdhury and Alam (2017) which found that collateral was one of the major challenges in accessing finance in Bangladesh. Furthermore, collateral was found to be a critical requirement in access to finance from Islamic banks in Indonesia (Saifurrahman & Kassim, 2022).

However, Uddin et al. (2022); Singh and Wasdani (2016); Chowdhury and Alam (2017) focused on the demand side of the credit system (MSMEs) whereas (Abraham & Schmukler, 2017) argue that the both the demand and supply side are crucial in explaining the use of financial services. Additionally, Singh and Wasdani (2016) adopted the judgmental sampling approach and the approach adopted by (Chowdhury & Alam, 2017) is not stated hence the representativeness of the study population is compromised. Consequently, the studies adopted a single research methodology (quantitative or qualitative) whereas the adoption of the mixed methods research methodology would have been vital in improving the quality of the findings through triangulation.

Furthermore, collateral continues to be cited as a determining factor on access to finance for MSMEs in the African continent. Moreover, a study by the European Investment Bank (2016) found that businesses in Egypt, Jordan and Tunisia were discouraged from applying for bank loans by the strict collateral requirements. Additionally, PwC (2020) found that female-owned businesses were financial constrained in Nigeria due to collateral requirements. Furthermore, Meressa (2022) conducted a demand side study on a sample of 296 micro and small enterprises in Benishangul – Gumuz regional state of Ethiopia and found that collateral was crucial in access to finance.

Moreover, these findings are supported Oshora et al. (2021) who found a significant relationship between collateral and access to finance in Addis Ababa – Ethiopia. Additionally, Njue and Mbongo (2017) found that collateral requirement was one of the factors that hinder access to finance for MSMEs in Kenya. However, a study by Bello and Mustapha (2021) on the "determinants of access to finance among manufacturing MSMEs in Nigeria" found that owner/manager"s skills and experience were major determinants of access to finance.

Moreover, Manaye and Tigro (2018) in their study found that sources of initial capital had a massive influence on access to finance in Wolaita soddo town - Ethiopia. Additionally, Harelimana (2017) found that simple application procedures for loans had a significant influence on access to finance in Rwanda with 84%. Additionally, a study by Buyinza, Tibaingana & Muteyo (2018, p. 1) on the "factors affecting access to formal credit by micro and small enterprises in Uganda" found a positive relationship between access to formal credit and "firm sales, owner"s education level, belonging to a business association, belonging to business group, use of internet, owning a personal and business bank account, and gender of the owner".

Furthermore, the study by Njue and Mbogo (2017) focused only on the supply side of the credit system (Banks) whereas (Herelimana, 2017; Manaye & Tigro, 2017; Menberu, 2018) concentrated on the demand side (MSMEs) and these approaches compromised the comprehensiveness of the study results. Additionally, the sample size of 133 SMEs selected by (Herelimana, 2017) represents 6.25% of the study population of 2128 hence the representativeness of the study population was compromised. Moreover, the study by Manaye and Tigro (2017) was conducted in Wolaita soddo town in Ethiopia and the study by (Menberu, 2018) was conducted in Addis Ababa in Ethiopia. Additionally, the study by Harelimana (2017) was conducted in Muhoza Sector, Muzanze District in Northern Province of Rwanda. Consequently, the generalizability of the study results to the entire MSMEs sector in the respective countries was compromised.

Furthermore, collateral is critical in influencing access to finance for MSMEs in the SADC region of the African continent. Moreover, Chilembo (2021) conducted a demand side study on a sample of 300 SMEs in Lusaka, Zambia and found that collateral was one of the major barriers impeding access to finance. Similarly, MSMEs in Zimbabwe fail to access finance due to lack of immovable collateral (Reserve Bank of Zimbabwe, 2021). Additionally, the International Finance Corporation (2018) estimate that 75% MSME loan applications are rejected in South Africa due to lack of collateral. Additionally, these assertions are supported by a study conducted by Osano and Languitone (2016) which found a positive relationship between collateral and access to finance in Mozambique.

Similarly, a study by Ndala (2019) revealed that collateral was one of the major obstacles in access to finance for MSMEs in Malawi. Moreover, Wallace-McNab and Zongwe (2017) note the importance of collateral in influencing access to finance for borrowers in Namibia, and contends that the lack of immovable property in the country is a major obstacle on the accessibility of credit. However, according to the International Finance Corporation (2018) collateral was not cited as a major challenge in access to finance for MSMEs by bank interviewees in South Africa.

2.7.4 The Role of Credit Guarantee Schemes in Mitigating Collateral Requirements

2.7.4.1 Definition of Credit Guarantee Scheme

According to Abraham and Schmukler (2017) credit guarantee schemes are tools through which a third party known as the guarantor gives assurance to a lender that he or she will repay all or part of a loan facility in case the borrower defaults. Moreover, the International Finance Corporation (2018) contends that the scheme seeks to compensate the lender in case of default by a MSME awarded a collateral free loan facility. Consequently, should the borrower default the lender claims the value of the guarantee from the guarantor (OECD, 2021).

Additionally, the main objective of a credit guarantee scheme is to motivate financial intermediaries to consider the award of loans on the basis of business viability as opposed to the availability of collateral (International Finance Corporation, 2018). Moreover, the other objective of the scheme is to enable financial intermediaries partaking in a scheme to issue comprehensive loan facilities to their borrowers such as term loan and working capital credit (International Finance Corporation, 2018). Moreover, the International Finance Corporation (2018) state that three parties are involved in a credit guarantee scheme: lender, borrower and guarantor.

Additionally, according to the OECD (2021) credit guarantee schemes started in Europe in the 19th and beginning of the 20th centuries. Moreover, Green (2003) cited in OECD (2021) notes that there are currently 2,250 credit guarantee schemes established in approximately 100 countries. However, World Bank Group (2015) contends that credit guarantee schemes have been established in 50% of global countries. Furthermore, credit guarantee schemes can take different forms and can cover a loan facility 100% or partially. Moreover, Uesugi, Sakai and Yamshro (2006) cited in Yoshino and Taghizadeh-Hesary (2017) asserts that a number of countries including Japan used to have 100% credit guarantee schemes. Additionally, OECD (2021) asserts that credit guarantee schemes in Canada, Japan and Luxemborg provide a 100% cover.

2.7.4.2 Types of Credit Guarantee Schemes

According to Aboojafari, Daliri, Taghizadeh-Hesary, Mokhtari and Ekhtiari (2019) credit guarantee schemes can be classified based on two categories: governmental and non-governmental institutions. Moreover, the Asian Development Bank (2016) contends that there are three structures that a credit guarantee can adopt: mutual guarantee associations or societies, state schemes and counter schemes. However, OECD (2013) asserts that there are three types of credit guarantee schemes: public, private and mutual.

2.7.4.2.1 Public Guarantee Schemes

According to the OECD (2021) public guarantee schemes are established through public policy and are normally subsidized by the state. Moreover, Gozzi and Schmukler (2016) contend that the first public guarantee scheme was established in 1915 in Holland. Additionally, OECD (2013) asserts that the management of a public guarantee scheme is normally entrusted to an agency related to the government. Additionally, OECD (2013) contends that public guarantee schemes are common in both OECD and non-OECD countries as a critical tool for alleviating lack of access to finance for MSMEs.

Furthermore, Baudino (2020, p. 3 - 4) contends that recently public guarantee schemes have played a crucial role in response to the Covid-19 pandemic in “Australia, Canada, France, Germany, Hong Kong, Italy, Spain, Switzerland, United Kingdom and USA”. Moreover, OECD (2013) notes that public guarantee schemes are popular in developing economies and represent the main type of guarantee scheme in those countries.

However, the World Bank Group (2015) emphasizes the importance of designing and implementing CGSs well and warns that if they are not well designed and implemented their contribution could be compromised. Moreover, principles or standards become imperative in guiding the development, implementation and evaluation of CGSs. Therefore, a deeper understating of these principles is important in ensuring the smooth operation of public credit guarantee schemes.

2.7.4.2.1.1 Principles for Establishing, Operating and Evaluating Public CGS

According to the World Bank Group (2015, p. 8) “principles are a set of good practices that public CGSs either are implementing or intend to implement voluntarily”. Consequently, working with its partners (Financial Sector Refining and Strengthening Initiative and SME Finance Forum) the World Bank Group developed sixteen principles deemed appropriate in improving the design, implementation and evaluation of public CGS (World Bank Group, 2015). As a result, the significance of these principles in ensuring that a sound public credit guarantee scheme is established cannot be underestimated.

2.7.4.2.1.1.1 rinciple 1

According to the World Bank Group (2015) principle 1 of the public credit guarantee schemes emphasizes the importance of ensuring that a CGS is set up as an independent legal institution, however, permitting the government to keep possession of the ownership and control of the scheme, and also ensuring sustainable and efficient operation of the scheme. Moreover, the setting up of a CGS should be allowed by domestic legislation in order to improve the credibility and reputation of the scheme (World Bank Group, 2015).

Furthermore, according to the World Bank Group (2015) a CGS should be guided by a sound regulatory and legal framework clearly stating the ownership policy adopted by the government as well as the terms and conditions relating to her investment in the scheme. Moreover, the framework should clearly articulate how the government ownership right will be exercised, the representative of the government and also the government institution entrusted with the supervisory function (World Bank Group, 2015).

Additionally, the World Bank Group (2015) asserts that the framework should clearly separate the oversight function of the government from the board and management functions as well as ensuring accountability and autonomy of management which is critical in decision making. However, a government could choose to operate a CGS through a development finance institution (World Bank Group, 2015). Moreover, according to the World Bank Group (2015) where a public CGS is operated through a development finance institution it should be financially and operationally independent.

2.7.4.2.1.1.2 rinciple 2

According to the World Bank Group (2015) principle 2 highlight the importance of financial sustainability of a CGS in enhancing the confidence of lenders or financial institutions as well as meeting the objectives of the scheme. As a result, the importance of having adequate capital and support from the government in order to ensure effective implementation of the scheme is emphasized (World Bank Group, 2015). Moreover, World Bank Group (2015) notes that the objectives of a CGS and anticipated volume of work should be adopted in determining the adequacy of capital required.

Furthermore, the responsibilities of the government pertaining to the provision of the initial capital and continuously subsidizing a CGS should be clearly articulated in publicly disclosed rules, procedures or arrangements (World Bank Group, 2015). Additionally, all sources of finance or funding should be clearly identified and it is suggested that primarily CGS should be funded by equity or government (World Bank Group, 2015). Moreover, World Bank Group (2015) warns that borrowing from public or private debt markets should be avoided if the capital structure of a CGS is to be managed prudently.

2.7.4.2.1.1.3 rinciple 3

According to the World Bank Group (2015) principle 3 encourages the accommodation of mixed ownership of CGS in the legal and regulatory framework. Moreover, mixed ownership refers to a situation where the government identifies a strategic partner from the private sector and invites him or her to invest in the CGS for the purpose of accessing commercial and industry experience or where an entirely new CGS is established in partnership with a partner from the private sector (World Bank Group, 2015). Additionally, the World Bank Group (2015) notes the importance of mixed ownership of a CGS in the provision of sources of funding, advancement of knowledge of target markets and introduction of good governance practices.

Furthermore, according to the World Bank Group (2015) mixed ownership is imperative in reducing moral hazard to a "CGS, lenders and borrowers" through the introduction of "peer pressure, shared responsibility, and transparency in the decision-making process". However, mixed ownership has its own disadvantages including the superiority that government always possess irrespective of the shareholding which ultimately affect the process of making decisions (World Bank Group, 2015). As a result, the World Bank Group (2015) emphasizes the importance of ensuring that all shareholders are treated equally and mixed ownership is encouraged but not imposed or forced on the private sector.

2.7.4.2.1.1.4 rinciple 4

According to the World Bank Group (2015) principle 4 explains the need for an independent supervision of a CGS and emphasizes the need for the supervisory function to be well articulated in the legal and regulatory framework. Additionally, the principle also emphasizes the need for the segregation of the supervisory function from ownership and management of a CGS (World Bank Group, 2015). Moreover, the World Bank Group (2015) contends that the objectives and responsibilities of an institution entrusted with the supervisory function should be clearly stated in an effective system.

Furthermore, according to the World Bank Group (2015) the main responsibility of a supervisor is guaranteeing that tax payers‟ interest relating to losses are protected and the smooth or efficient operation of a CGS is ensured. Additionally, other than ensuring the smooth operation of a CGS a supervisor should be empowered to perform the necessary evaluations in order to ensure compliance with the relevant legislation and policies (World Bank Group, 2015). Moreover, the World Bank Group (2015) contends that entrusting one institution with supervisory powers is important in reducing the supervision costs.

Consequently, in most instances country‟s governments or authorities entrust the supervisor of a financial sector to supervise a public CGS like for instance the Central Banks (World Bank Group, 2015). However, the World Bank Group (2015) warns that in such instances the supervisor should be well capacitated in terms of prudential supervision of commercial banks, adequate funds and the supervision should be aligned to the risks associated with the products or services offered by the CGS.

2.7.4.2.1.1.5 rinciple 5

According to the World Bank Group (2015) principle 5 emphasizes the importance of clearly articulating the mandate of an institution entrusted with the supervision of a CGS and assert that it should be supported by strategies and operational goals that are in line with the objectives. Moreover, the World Bank Group (2015) contends that clearly defining and communicating the mandate of a supervisor plays an important role in the determination of the scope of the activities of a CGS, its accountability and identification of other operational targets. Additionally, the mandate of the supervisor should be incorporated in the relevant law establishing the CGS (World Bank Group, 2015).

Furthermore, the World Bank Group (2015) contends that the mandate of a CGS is not limited to the provision of credit guarantee services but could involve other services such as the provision of information, technical assistance, training, and counseling. Additionally, the scope of the mandate should be broad and also state the level of efficiency of a CGS, defining financial sustainability goals and constraints (World Bank Group, 2015). As a result, according to the World Bank Group (2015) the involvement of all stakeholders (government or ownership entity, board of directors and management) is important in the development of the strategy.

Moreover, the management should be entrusted with the responsibility of developing and executing the strategy whereas the board of directors should be entrusted with the approval and monitoring the implementation of the strategy (World Bank Group, 2015). Additionally, the World Bank Group (2015) asserts that monitoring the performance and adherence to the strategy and other commitments should be the responsibility of the ownership entity.

2.7.4.2.1.1.6 rinciple 6

According to the World Bank Group (2015) principle 6 emphasizes the importance of having a corporate governance structure that is sound with board of directors that are fit or competent to handle the tasks of the CGS. Moreover, the board of directors should be appointed following clearly defined criteria (World Bank Group, 2015). Additionally, the World Bank Group (2015) asserts that the corporate governance framework of CGS should ensure that the independence of operational management function is maintained. Consequently, political influence and interference should be avoided and all business decisions based on both economic and financial position of a CGS and aligned with its mandate and objectives (World Bank Group, 2015).

Furthermore, the corporate governance framework of a CGS should ensure segregation of the role and responsibilities to the respective participants: ownership entity or government, supervisor, management and board of directors (World Bank Group, 2015). Moreover, the World Bank Group (2015) warns of the risk that the interference and influence of politicans may pose to the functioning of a credit guarantee scheme. Consequently, the World Bank Group (2015) contends that adopting a transparent process of appointing CGS board is critical in circumventing political influence and interference.

Furthermore, according to the World Bank Group (2015) the process of appointing CGS board should be accommodated and clearly articulated in the relevant legal and regulatory framework. Additionally, the importance of diluting the board membership with members from the private sector not affiliated to a CGS is emphasized (World Bank Group, 2015).

2.7.4.2.1.1.7 rinciple 7

According to the World Bank Group (2015) principle 7 note the importance of sound internal control measures in a CGS that enable management to get detailed information pertaining to the operations of a scheme. Moreover, safeguarding assets against unauthorized use or disposition, maintaining proper accounting records, and ensuring the reliability of financial and nonfinancial information should constitute key components of the internal control measures of a CGS (World Bank Group, 2015). Additionally, the World Bank Group (2015) asserts that periodic reviews of the internal controls by the board should be prioritized.

Significantly, according to the World Bank Group (2015) having an internal audit and compliance function reporting directly to the board, audit or compliance committee is imperative in ensuring sound operation of a CGS. Moreover, the role or responsibilities of the internal audit and compliance function should emphasize monitoring the internal control systems, governance risk exposures, operations and information systems (World Bank Group, 2015).

Additionally, the World Bank Group (2015) asserts that the internal audit and compliance function should be well capacitated to handle investigation requests from the board or audit committee or audit on an ad hoc basis. Furthermore, according to the World Bank Group (2015) the internal audit and compliance functions should have appropriate powers to enable them to enforce necessary measures to address issues raised from their investigations. Additionally, the internal audit and compliance function should be well capitalized in order to enhance the execution of their respective functions (World Bank Group, 2015).

2.7.4.2.1.1.8 rinciple 8

According to the World Bank Group (2015) principle 8 emphasizes the importance of having a sound risk management mechanism capable of identifying, measuring, monitoring, and controlling the risks a CGS faces as well as determining the adequacy of the capital it possess in relation to those risks. As a result, the World Bank Group (2015, p. 17) contends that a risk management framework is "a critical component of the overall corporate governance framework". However, the World Bank Group (2015) warns that credit risk is the major risk that credit guarantee schemes are exposed to.

Consequently, adhering to the high standards of risk management is imperative to the determination of the performance of a CGS and the ability to execute its mandate (World Bank Group, 2015). As a result, the World Bank Group (2015) emphasizes the importance of adopting a sound risk management framework in the internal control function which should be approved and periodically reviewed by the board to ascertain its continuing relevance. Additionally, all CGSs should endeavor to develop sound risk management mechanisms clearly articulating the responsibilities and accountabilities irrespective of the mode of delivery and nature of the CGS (World Bank Group, 2015).

Furthermore, according to the World Bank Group (2015) maximum use of quantitative and qualitative techniques should be adopted in measuring and managing credit risk. Additionally, the World Bank Group (2015) emphasizes the importance of establishing a transparent investment policy in line with the strategic objectives and mandate of a CGS, approved risk profile and monitoring procedures.

2.7.4.2.1.1.9 rinciple 9

According to the World Bank Group (2015) principle 9 emphasizes the importance of adopting a clearly defined qualification and eligibility criteria for participating in the CGS in line with its mandate and critical in guiding the functioning or operations of the scheme. Moreover, the World Bank Group (2015) notes the importance of creating public awareness of the eligibility & qualification criteria and such criteria to be subjected to a periodic review. Additionally, the World Bank Group (2015) asserts that borrowers or MSMEs should be clearly defined in the relevant policy documents.

Moreover, firm size, subsector, and age are the most common factors used to define the eligibility criteria of MSMEs with the number of employees, sales and value assets used to defined firm size (World Bank Group, 2015). In contrast, the World Bank Group (2015) contends that risk management capabilities, MSMEs non-performing loans and capacity & interest in serving the sector should be used in defining the eligibility criteria for lenders in a CGS. Additionally, the World Bank Group (2015) notes the importance of clearly identifying the instruments that the scheme is targeting such as working capital and investment finance.

Furthermore, according to the World Bank Group (2015) a CGS should guarantee or cover the principal debt of the particular instrument used together with interest to a limited extent. Additionally, refinancing of existing guaranteed loans should not be prioritized unless such transaction is provided for in the relevant policy documents (World Bank Group, 2015). However, the World Bank Group (2015) contends that guaranteeing or covering restructured loans is acceptable under certain circumstances.

2.7.4.2.1.1.10 rinciple 10

According to the World Bank Group (2015) principle 10 explains that the mode or manner at which a CGS is delivered or extended should be guided by the objectives of the scheme. Moreover, there are two approaches to extend CGS services: individual approach and portfolio approach (World Bank Group, 2015). Consequently, the World Bank Group (2015) asserts that the individual approach involves all three parties to a loan application (borrower, lender and CGS) whereas the portfolio approach involves only two parties to a loan application (lender and CGS).

Furthermore, according to the World Bank Group (2015) the individual approach refers to a situation where the borrower approaches the lender with a loan proposal which is extensively reviewed by the lender and approved conditional upon a guarantee where it is deemed viable but lack collateral. Additionally, the World Bank Group (2015) contends that the borrowers also approach the CGS with their loan application which again is extensively investigated or reviewed by the CGS and guaranteed where it is selected or approved.

Consequently, the borrower then uses the approved guarantee to negotiate a loan with the lender (World Bank Group, 2015). Moreover, the World Bank Group (2015) contends that in rare occasions a CGS issues advance guarantee approvals to borrowers. As a result, the World Bank Group (2015, p. 19) asserts that "In the individual approach, guarantees are provided on a loan by loan basis". However, the World Bank Group (2015) note that despite playing an important role in reducing moral hazard the individual approach may result in high operating costs, lower participation, negative effect on the financial stability and efficiency of a CGS.

In contrast, according to the World Bank Group (2015) the portfolio approach allows lenders to attach guarantees to loans without consultation with the CGS. However, such a process should be done within the dictates of the contractual agreement entered between the CGS and the lender (World Bank Group, 2015). Consequently, the World Bank Group (2015, p. 19) contends that the borrower does not deal directly with the CGS and asserts that "In the portfolio approach there is, therefore, no direct relationship between the CGS and the SME borrower".

Moreover, according to the World Bank Group (2015) portfolio approach leads to increased participation by borrowers and reduced operating costs. However, the World Bank Group (2015) warns that in instances where viable loans meeting collateral requirements are guaranteed financial additionality of the CGS may be compromised. Additionally, the World Bank Group (2015) also warns of the risk of moral hazard in instances where lenders relax their loan screening processes because consequences of non-payment would be borne by the CGS and ultimately resulting in higher default rate.

As a result, according to the World Bank Group (2015) the choice of the approach or method of delivering a CGS should be guided by an extensive analysis of financial stability, participation of borrowers in the scheme and loans additionality. Additionally, both approaches have their own advantages and disadvantages hence their consideration becomes imperative in informing an appropriate choice (World Bank Group, 2015). As a result, the World Bank Group (2015) recommends the combination of both approaches in a CGS and also taking into consideration the level or stage of development of the entire financial sector and individual financial institution.

2.7.4.2.1.1.11 rinciple 11

According to the World Bank Group (2015) principle 11 emphasizes the importance of sharing the risk associated with a loan facility among all participants in the loan assessment and award process (borrower, lender and CGS). Moreover, the World Bank Group (2015) contends that sharing of risk is imperative in reducing both the loan default rate as well as the claim rate. Additionally, the World Bank Group (2015) contends that the guarantee coverage ratio remains the best mechanism to share credit risk which is usually stated as a percentage of a loan exposure.

Furthermore, according to the World Bank Group (2015) the guarantee coverage ratio should be high enough to enhance the participation of lenders in a CGS whilst at the same time allowing lenders to bear a meaningful share of the associated credit risk. As a result, the World Bank Group (2015) contends that an optimum guarantee coverage ratio should be between 50% and 100%. Additionally, a guarantee coverage ratio should be clearly stated in the contractual agreements between a lender and a CGS and also indicate how losses will be shared (pari passu or otherwise) (World Bank Group, 2015).

Moreover, the World Bank Group (2015) note that the determination of the guarantee coverage ratio should be guided by the sector or group targeted by the CGS as well as the approach or method used to deliver its services. Consequently, the World Bank Group (2015) contends that borrowers operating in sectors with high employment creation or preservation potential and startups demand a high ratio. Similarly, according to the World Bank Group (2015) the guarantee coverage ratio should be lower where the portfolio approach is adopted because lenders are involved in the loan screening or appraisal process.

Furthermore, the extent of the growth of a financial sector in a country should also be considered in the determination of an appropriate guarantee coverage ratio with less developed countries demanding a higher coverage compared to developed economies (World Bank Group, 2015). Additionally, a guarantee coverage ratio should be flexible to allow required changes to be made those relating to CGS credit loss history and external market developments (World Bank Group, 2015).

Moreover, the World Bank Group (2015) notes the importance of a credit guarantee coverage ratio in addressing moral hazard related to SMEs through demonstrating their commitment to meet their loan repayment by pledging appropriate and adequate collateral. However, the World Bank Group (2015) warns that appropriate collateral should be discussed between the lender and the CGS in order to ensure that the objectives of a guarantee are maintained and asserts that “excessive collateral requirements can defeat the purpose of the guarantee”.

Furthermore, the World Bank Group (2015) emphasizes the need to ensure that all terms and conditions as clearly articulated in the contractual agreements between the lender and CGS are incorporated in all guarantees delivered or extended. Additionally, all terms and conditions of a guarantee should comply with relevant prudential regulations such as Basel requirements which are applicable to lenders (World Bank Group, 2015). Furthermore, the World Bank Group (2015) asserts that a guarantee should comply with certain legal requirements established by the financial regulator such as seniority, revocability, and effectiveness.

2.7.4.2.1.1.12 rinciple 12

According to the World Bank Group (2015) principle 12 explains in detail the need to charge guarantee fees in order to ensure financial sustainability and attractiveness of a guarantee program to SMEs and lenders. Moreover, charging guarantee fees demonstrate the importance or value of credit guarantee schemes as well as the significance of financial sustainability of a CGS (World Bank Group, 2015). However, the World Bank Group (2015) warns that transparence of the pricing policy should be ensured and also incorporated in all operational documents of a CGS.

Furthermore, the process of determining an appropriate pricing policy in terms of the size & structure of guarantee fees requires the consideration of the financial sustainability of the CGS as well as the expected participation by lenders in the scheme and guarantee fees should be charged on the guaranteed amount (World Bank Group, 2015). Additionally, the World Bank Group (2015, p. 21) contends that the pricing policy of guarantee fees should be flexible to enable changes to be made based on the "CGS"s credit loss history and market developments".

Additionally, the World Bank Group (2015, p. 21) emphasizes the importance of finance in meeting operational costs of a CGS as well as claims related to the credit risk and asserts that "Fees, along with the income that the CGS derives from its investment activities and any agreed-upon level of operational subsidy through government budgetary subventions, should cover the cost of operations and the expected cost of credit risk (or claims)".

2.7.4.2.1.1.13 rinciple 13

According to the World Bank Group (2015) principle 13 emphasizes the importance transparency, timeliness and efficiency of the procedure to make a claim from the CGS by lenders in case of default by the borrower of a guaranteed loan facility. Moreover, transparency, timeliness and efficiency of the claim procedure are imperative in ensuring lender confidence in a CGS (World Bank Group, 2015). As a result, World Bank Group (2015) asserts that the contractual agreement between the lender and the CGS should clearly detail the conditions or circumstances that may lead to a claim being made.

Consequently, the World Bank Group (2015) contends that a number of CGSs specify a minimum mandatory waiting period for a claim to be made after a loan has been disbursed. Additionally, the World Bank Group (2015) asserts that the maximum period allowed to initiate a claim following the default should be clearly stated, however, warns that such a period should not be influenced by a legal action being initiated against the borrower. Moreover, the World Bank Group (2015) contends that all alternative debt collection measures should be fully exhausted before a claim is triggered in the CGS such as rescheduling of a loan facility.

Furthermore, the World Bank Group (2015, p. 22) emphasizes the importance of timeous payment of claims in enhancing the credibility of a CGS and avoidance of costly disputes and asserts that "A CGS"s credibility is largely dependent on how claims are handled once they have been submitted". As a result, the determination of time limits guiding the settlement of claims becomes imperative (World Bank Group, 2015). Furthermore, the World Bank Group (2015) notes the need for the circumstances guiding the acceptance and rejection of guarantee claims to be well articulated in the contractual agreement between the lender and the CGS.

Similarly, post claim loss recovery processes should also be clearly stated in the contractual agreement between the lender and the CGS (World Bank Group, 2015). Moreover, the World Bank Group (2015) contends that pursuing borrowers who have defaulted on their loan obligations after the payment of guaranteed claims is critical in reducing the loss-given default rate for both the lender and the CGS. Additionally, the World Bank Group (2015) emphasizes the importance of documenting and legally enforcing the exchange or substitute of a loan facility in circumstances where the CGS decides to take over the responsibility of collecting a debt from the borrower. Moreover, the World Bank Group (2015) notes the importance of ensuring that a debt recovery process adopted by a CGS or lender complies with a country‟s relevant legislation.

2.7.4.2.1.1.14 rinciple 14

According to the World Bank Group (2015) principle 14 emphasizes the importance of subjecting the financial records of a CGS to an external audit process and diligent or meticulous financial reporting standards. Moreover, the World Bank Group (2015) contends that audited financial statements produced appropriately, timeously and accurately plays an important role in holding management of a CGS accountable for their stewardship responsibility. Furthermore, the annual audited financial statements of a CGS should contain the following reports: “balance sheet, cash flow statement, profit and loss statement, statement of changes to equity, and notes” (World Bank Group, 2015, p. 22).

Additionally, the World Bank Group (2015) contends that the audited financial statements of a CGS should ensure compliance with the national accounting reporting standards and accompanied by management comment. Moreover, the World Bank Group (2015) contends that the financial statements of a CGS should be audited by an appropriately qualified audit professional and certified audit firm.

Significantly, the World Bank Group (2015) emphasizes the importance of an independent external audit in enhancing the credibility of the financial reporting standards adopted by a CGS and the provision of assurances to the relevant stakeholders on the fairness of the financial statements.

2.7.4.2.1.1.15 rinciple 15

According to the World Bank Group (2015) principle 15 explains the need for a CGS to report non-financial information on an annual basis. Moreover, non-financial information which in most cases is qualitative in nature plays an important role in updating the relevant stakeholders on the operations of a credit guarantee scheme, its prospects and its relationship with the owner entity or government (World Bank Group, 2015). However, the World Bank Group (2015) warns that reporting of non-financial information should be in line with the objectives of a CGS.

Furthermore, according to the World Bank Group (2015, p. 23) the report of non- financial information should contain the following information: "(a) social and economic commitments made, (b) social and economic outcomes, and (c) any other material engagement into which the CGS has entered as a result of its status as a government-owned institution". Additionally, the World Bank Group (2015) contends that information related to the corporate governance structure including board committees and policies should also be reported.

2.7.4.2.1.1.16 rinciple 16

This principle emphasizes the importance of ensuring that the effectiveness of a CGS is assessed at regular intervals following a transparent evaluation methodology and the results publicly reported (World Bank Group, 2015). Moreover, periodic evaluation of the performance of a CGS plays an important role in accounting for the use of public resources, measuring achievement of objectives and improving the operations of a CGS (World Bank Group, 2015).

Additionally, according the World Bank Group (2015) the performance evaluation of a CGS should be conducted at least once after 3 to 5 years. However, the World Bank Group (2015) warns that the evaluation process should be guided by a sound performance evaluation mechanism and linked to the internal control environment in order to ensure relevance of information. Moreover, according to the World Bank Group (2015, p. 24) three dimensions should form the basis of the performance evaluation process of a CGS: “outreach, additionality, and financial sustainability”.

Additionally, the World Bank Group (2015) contends that outreach refers to the point at which a CGS is able to meet the demand for SME guaranteed loans and determined using the number of guaranteed loans and the amount of outstanding guarantees. Furthermore, the World Bank Group (2015) warns that the scope of the activity of a CGS does not demonstrate its effectiveness. Consequently, economic and financial additionality are the key determinants of the effectiveness of a CGS (World Bank Group, 2015). Moreover, the World Bank Group (2015) explains that financial additionally refers to an increase in the number of loans granted to SME through the help of a CGS with favorable conditions in loan size, pricing and maturities, reduced collateral and improved loan processing time.

In contrast, economic additionality refers to the economic benefits resulting from the operations of a CGS such as employment, investment, and economic growth (World Bank Group, 2015). Moreover, the author explains that the assessment of the financial and economic additionality of a CGS should be guided by sound methodologies and in partnership with academic and research organizations.

2.7.4.2.2 Private Guarantee Scheme

According to OECD (2013) private guarantee schemes involve the participation of the private sector and funded by private organizations. Moreover, the OECD (2021) contends that these schemes are normally managed by corporate leaders hence they benefit from their wealth of experience. Additionally, OECD (2013) contends that private guarantee schemes take different forms of organization and are prevalent in OECD countries than in non-OECD economies.

2.7.4.2.3 Mutual Guarantee Scheme

According to OECD (2013) mutual guarantee schemes are private societies or associations established by borrowers aimed at improving access to finance. Moreover, these schemes are the oldest and mostly found in Europe and South America (OECD, 2013). Additionally, the Asian Development Bank (2016) asserts that mutual guarantee schemes ensure that collective guarantees are extended to members of the association.

2.7.4.3 The Importance of Credit Guarantee Schemes

CGSs are an integral component of a credit system and play a critical role in mitigating collateral challenges that MSME borrowers face in accessing finance. Moreover, the OECD (2021) asserts that these schemes can reduce the collateral requirements. Additionally, the Alliance for Financial Inclusion (2020) contends that credit guarantee schemes are an important element of a credit infrastructure. Moreover, according to OECD (2013) credit guarantee schemes constitute a major policy instrument for addressing MSME finance gap in many countries. Additionally, credit guarantee schemes are crucial in reducing lender‟s credit risk and allowing businesses without the required collateral to access finance from financial institutions (OECD, 2021).

Moreover, these schemes are crucial in alleviating information asymmetry, easing collateral requirements and improving access to finance for MSMEs (OECD, 2021). Additionally, Abraham and Schmukler (2017) contend that there is evidence confirming that credit guarantee schemes do increase loans and improve financing conditions. Furthermore, according to the International Finance Corporation (2018) credit guarantee schemes play an important role in ensuring that lenders extend loans to borrowers based on project viability as opposed to collateral requirements. Moreover, PwC (2020) contends that credit guarantee schemes enable MSMEs to borrow more funds.

Furthermore, Mund (2020) asserts that for many years they have been accepted as successful instruments in enhancing access to finance from formal credit sources. Consequently, according to the Alliance for Financial Inclusion (2020) credit guarantee schemes are accepted as vital instruments for enhancing access to finance for MSMEs in many developed and developing economies. Moreover, the OECD (2018) note that these schemes continue to be recognized as important policy tools in OECD countries. Consequently, according to Baudino (2020) public guarantee schemes have been fundamental in responding to the Covid-19 pandemic in Australia, Canada, France, Germany, Hong Kong, Italy, Spain, Switzerland, United Kingdom and USA.

However, according to Mund (2020) public guarantee schemes play an important role in developing countries. Moreover, Yoshino and Taghizadeh-Hesary (2017) note an extensive establishment of these schemes in Asia. Additionally, Shoma (2019) contends that in Blangadesh a credit guarantee scheme in the sum of US Dollar 0.2 million for helping female entrepreneurs with access to finance was established by the Blangadesh Government, the United Nations Capital Development Fund and BB.

Similarly, the Central Bank of Nigeria established the Small and Medium Enterprise Guarantee Scheme in the sum of 200 billion Naira to improve access to finance by the sector in the country (PwC, 2020). Moreover, a study by Gurmessa, Ndinda, Agwanda and Akiri (2021) in Ethiopia on cooperatives found that credit guarantee schemes had a positive impact on financial additionality. Furthermore, according to Chilembo (2021) in Zambia credit guarantee schemes were prioritized as a key instrument in the issuance of low interest and long term loans in the country‟s Seventh National Development Plan (2017 – 2021). Moreover, in South Africa a credit guarantee scheme in the sum of R200 billion was critical in responding to the Covid-19 pandemic (Cunha, Entwisle, Jeenah & Williams, 2020).

However, despite the massive positive impact of credit guarantee schemes acknowledged by a multitude of studies, (OECD, 2021) argue that empirical evidence on the specific impact of the schemes is not conclusive and they are time & resource intensive. Moreover, the European Investment Bank (2016) contends that credit guarantee schemes have financial and administrative challenges. Additionally, Yoshino and Taghizadeh-Hesary (2017) asserts that these schemes are associated with moral hazard. Moreover, Shoma (2019) contends that credit guarantee schemes failed to improve access to finance for women entrepreneurs in Bangladesh despite a 30% cover.

2.7.5 The Role of Movables Collateral Registries in Mitigating Collateral Requirements

Lack of collateral continues to be reported as a major obstacle in access to finance for MSMEs by a multitude of research studies. Moreover, according to Yağcı (2018) the banking system in Turkey use fixed assets as collateral and movable assets are not accepted. Similarly, a study by Osano and Languitone (2016) in Maputo - Mozambique found that only land, business and buildings were accepted as collateral.

Additionally, Fintrac Inc (2022) asserts that financial institutions continue to prefer real property as collateral. Similarly, the Asian Development Bank (2022) contends that financial institutions prefer immovable property to be pledge as collateral. Furthermore, according to the World Bank Group (2019, p. 3) “financial institutions overwhelmingly prefer immovable assets as collateral”. However, the Asian Development Bank (2022) argues that a majority of MSMEs do not possess immovable property. As a result, a significant number of MSME loan applications are rejected because of lack of acceptable collateral (World Bank Group, 2019).

Moreover, the World Bank Group (2019) argues that lack of appropriate collateral is not an issue but the problem is the failure of the legal frameworks to utilize the assets that many MSMEs possess. Consequently, the results of the World Bank Group (2016) revealed that there was a significant mismatch between the assets preferred by financial institutions to be pledged as collateral (immovable property) and the assets that MSMEs have or possess a position that exercibated the issue of lack access to finance for the sector. Moreover, World Bank Group (2016) revealed that movable property (vehicles, machinery, equipment, receivables) represent “78% of the capital stock of MSMEs in developing countries” with only 22% immovable.

Additionally, the study showed that financial institutions had accepted 73% land or real estate as collateral and only 27% movable assets. Moreover, the World Bank Group (2019) contends that the difficulty in determining existing rights or encumbrance of movable assets is the main reason financial institutions or lenders prefer immovable assets over movables. Similarly, according to the International Finance Corporation (2012) prior to the establishment of the collateral registry in Ghana financial institutions were skeptical of lending to SMEs because of lack of collateral or risk of using the same asset by borrowers as security with multiple lenders.

Consequently, a baseline study conducted in 2008 revealed that approximately 85% of commercial banks‟ lending benefited state owned enterprises and large organizations because of their low risk profile in Ghana (International Finance Corporation, 2012). Moreover, the high risk profile of SME businesses in Ghana was exercibated by the absence of national identity cards system, credit information bureau and collateral registry (International Finance Corporation, 2012). As a result, only SMEs with immovable collateral were able to access funding from financial institutions (International Finance Corporation, 2012). Therefore, the need for the adoption of movables collateral registry becomes imperative if the issue of MSME financial accessibility is to be addressed.

2.7.5.1 Definition of a Collateral Registry

The World Bank Group (2019) defines a collateral registry as public database of liens or encumbrances or property rights of movable assets. Moreover, according to the Asian Development Bank (2022, p. 23) a collateral registry is a "record of legal claims to personal property that has been pledged as security for a loan". Furthermore, a collateral registry is defined as an electronic system used to receive, store information relating to the security interest of a movable asset and make it accessible to the public (National Bank of Ethiopia, 2020). Similarly, the Reserve Bank of Zimbabwe (2022) defines a collateral registry as "a publicly available database of interests in or ownership of movable assets tendered to secure loans".

However, according to the World Bank Group (2019) collateral registries are in many cases confused with credit bureaus and emphasize the importance of understanding the difference between the two concepts. Moreover, the World Bank Group (2019) asserts that the two concepts are distinct from each other possessing different features and serving different functions. As a result, understanding the difference between the two concepts is important.

2.7.5.2 Difference between a Collateral Registry and a Credit Bureau

The information contained in a collateral registry is open to the public whereas information contained in a credit bureau is private and not available to the public without the consent of the borrower (World Bank Group, 2019). Additionally, limited information is found in a collateral registry and relating only to outstanding debts whereas information contained in a credit bureau has more depth and contains the credit history of debtors (World Bank Group, 2019). Significantly, according to the World Bank Group (2019) information contained in a collateral registry has a legal status in a court law and could be used as proof whereas information contained in a credit bureau does not have a legal status in a court of law and cannot be used as proof. As a result, a detailed discussion of the importance of a collateral registry becomes imperative in understanding its significance in MSME lending.

2.7.5.3 The Importance of a Collateral Registry

According to the International Finance Corporation (2015) the main objective of a collateral registry is to notify the public about the security interest registered or attached to a movable asset and also to establish the preference or priority of secured creditors on the asset. Consequently, movable assets include vehicles, machinery, equipment, livestock, household goods, crops, business stock, accounts receivables (Asian Development Bank, 2022; Reserve Bank of Zimbabwe, 2022). As a result, a reliable or transparent collateral registry plays an important role in circumventing the possibility of having one movable asset pledged as security with more than one lender (Asian Development Bank, 2022). Additionally, the Asian Development Bank (2022) contends that without a collateral registry a financial institution encounters difficulty in establishing the lien, avoiding fake or multiple claims and possessing the asset.

Moreover, a movable collateral registry makes movable assets to be bankable and enable MSMEs to secure credit against them (Asian Development Bank, 2022). As a result, the importance of a collateral registry cannot be overemphasized as noted by the (World Bank Group, 2019, p. 28) that “The collateral registry is a core component of a modern secured transactions regime”. Similarly, the International Finance Corporation (2012) asserts that a collateral registry is a vital technique used in the assessment of the threat related to a loan deal and enable lenders to make sound financial decisions.

Moreover, a study conducted by the Word Bank Group (2016) found that “the introduction of a collateral registry improves access to finance by 8 percentage points, access to loans by 7 percentage points, the percentage of working capital financed by banks by 10 percentage points, reduce interest rates by 3 percentage points and increase loan maturity by 6 months”. Furthermore, a survey study conducted in 73 countries with companies of all sizes revealed that the introduction of a collateral registry increased access to bank finance by 8% and access to loans by 7% (Asian Development Bank, 2022; Fintrac Inc., 2022).

Moreover, in Albania a collateral registry established in 2001 had a massive impact resulting in a decrease in risk premium on lending by 50%, a 43% decrease in the interest rate spread between deposits and loans, and a decrease in interest rate for loans by 5% (Fintrac Inc., 2022). Furthermore, in Ghana within a period of four years (2008 – 2012) establishing a movable collateral registry resulted in the award of loans secured by movable assets to twenty seven thousand (27,000) MSMEs worth more than $3 billion from banks and nonbank financial institutions, and also instrumental in enabling more than 10,000 women entrepreneurs in the country obtain funding through pledging their movable assets as collateral (International Finance Corporation, 2012).

Moreover, a study conducted by Pendame and Akotey (2023) in Malawi on the effect of a movable collateral registry on MSME access to finance revealed a marginal increase in lending to the sector from a range of 15% to 30% to a range of 0% to 50%. Moreover, the Reserve Bank of Zimbabwe (2022) contends that amongst the benefits of a collateral registry to the borrowers it allows MSMEs to use their movable assets to secure their loan facilities and also increase access to credit by the sector. However, understanding the different approaches or types of registrations available to register an asset in the registry becomes important.

2.7.5.4 Types of Notice Registrations

Consequently, according to the International Finance Corporation (2015) there are two types of registering an asset in a collateral registry: notice registration and document registration. Moreover, document registration requires the submission of a number of documents whereas notice registration does not require the submission of documents instead basic information relating to the security interest suffices (International Finance Corporation, 2015). Consequently, notice registration is considered appropriate in registration of movable assets (International Finance Corporation, 2015). Additionally, according to the International Finance Corporation (2015) notice registration has a multitude of advantages including lower administrative and archival costs, and reduced registration errors.

In contrast, document registration requires the registration of bulk documents as well as specialist to review those documents and also subject to registration errors as registry staff ought to transfer data from the documents into the system (International Finance Corporation, 2015). However, the survey results revealed that more than 50% of the countries studied continue to use the document registration (International Finance Corporation, 2015). Furthermore, understanding the different forms of notice systems is important when notice registrations are discussed.

2.7.5.5 Types of Notice Systems

According to the International Finance Corporation (2015) there are two forms of notice systems: paper-based system and online based system. Moreover, paper-based systems are basically manual systems and involve the submission of the notice by the registrant, entry of the notice information into the database, allocation of date & time, entry of notice information into the registry index, in contrast, online based systems enable the registrant to complete the notice online (International Finance Corporation, 2015). Additionally, according to Fintrac Inc. (2022) online based systems have a number of advantages in terms of costs and access.

Furthermore, Fintrac Inc. (2022) argues that despite the capital intensity related to the establishment of an online based system the benefits associated with the system are massive or outweigh the costs of establishment. Additionally, the International Finance Corporation (2015) contends that online based systems allow immediate access to the registry database by registrants and searchers. Moreover, Fintrac Inc. (2022) asserts that online systems can simplify the filing process, minimize data capture errors and enable speedy transmission of data between registries where more than one registry exist in a country. Additionally, online collateral registries improve transparence within the system as all stakeholders can access the system any time to confirm the accuracy of the pledges (Fintrac Inc., 2022).

Furthermore, the system also improves access to the registry as well as access to rural financial lending. Consequently, according to the International Finance Corporation (2015) electronic systems are preferred over paper-based systems under the international best practices. However, the International Finance Corporation (2012) contends that the success of a collateral registry is influenced by the users of the registry and emphasizes the importance of creating awareness of the registry to all relevant stakeholders.

Moreover, accessibility of the collateral registry together with the information it contains is critical in evaluating the performance of the registry (International Finance Corporation, 2015). Therefore, awareness, understanding and adherence to the best practices of a collateral registry become imperative.

2.7.5.6 Best Practices of a Collateral Registry

The World Bank Group (2019, p. 85 - 92) discuss or articulate eleven best practices of a collateral registry: “unity or centralization, limited purpose, rule-based decision-making, accuracy and validation, speed of registration and timeliness of information, availability and accessibility, simplicity, cost effectiveness, informativeness, security, add-only and data integrity”.

2.7.5.6.1 Unity or Centralization

According to the World Bank Group (2019) the practice of unity or centralization entails that a country should have a single database with full details or information pertaining to the liens or encumbrances of an asset. Similarly, the World Bank Group (2012) emphasizes the importance of centralizing all the records of the collateral registry with all information relating to the security interests registered. Consequently, the World Bank Group (2012) opines that “the most efficient registry system will be the one that centralizes information in one place for security interests of different types of collateral and transactions, from different locations and geographical areas and different types of debtors including both individuals and businesses”.

2.7.5.6.2 Limited Purpose

According to the World Bank Group (2019) the practice of limited purpose entails that only information relevant for the purpose of a collateral registry should be required from registrants. Moreover, only information related to the liens or encumbrances on an asset as well as the preference or priority of secured creditors should be required from registrants (World Bank Group, 2019). As a result, the value of the collateral should not be required as it is deemed irrelevant for the purposes of a collateral registry (World Bank Group, 2019).

2.7.5.6.3 Rule-based Decision Making

According to the practice of rule-based decision making the discretion of the registry staff should not influence the registration and searching processes in the registry database (World Bank Group, 2019). Moreover, the standards related to the decisions to accept or reject a registration should be concrete, objective and limited in order to ensure that the discretion of decision makers is not involved (World Bank Group, 2019). Additionally, the World Bank Group (2019) asserts that technology should ensure that the collateral registry system is able to accept or reject registrations automatically.

2.7.5.6.4 Accuracy and Validation

According to the World Bank Group (2019) the practice of accuracy and validation is important in ensuring reliability of the information contained in the registry database and requires the inclusion of a number of verification features to detect or avoid errors in the systems technology. Moreover, two checks are important in ensuring the reliability of the registry database: validation checks to ensure that all fields have been completed with the correct kind or type of data (numerical or alpha) and the check sum in the registration number (World Bank Group, 2019). Additionally, the author asserts that the check sum in the system should be able to link a change in the database (amendment, termination or continuation) to the initial number.

2.7.5.6.5 Speed of Registration and Timeliness

The practice of speed of registration and timeliness of information requires that the technology of a collateral registry should be able to accept or reject a registration without the involvement of the registry staff (World Bank Group, 2019). Moreover, the system should be capable of printing immediate confirmation of a registration detailing all the information registered including the date & time and notice number (World Bank Group, 2019). Additionally, according to the World Bank Group (2019) the effectiveness of a notice should begin when searchers are able to access the notice or when it becomes searchable.

2.7.5.6.6 Availability and Accessibility

The practice of availability and accessibility requires that a collateral registry should be available all the time except when there are scheduled maintenances and should be accessible by everyone without restrictions (World Bank Group, 2019). Additionally, searchers should not be required to provide detailed reasons for their search (World Bank Group, 2019). Furthermore, according to the World Bank Group (2019) unhindered access to the registry has many advantages: reduced administrative costs as both registration and searching are done by the registrants and searchers, reduced errors, omission and fraudulent conduct by registry staff as they are less involved in the registration and searching process.

2.7.5.6.7 Simplicity

The practice of simplicity entails that the collateral registry system should be user friendly and simple (World Bank Group, 2019). Moreover, the information required should be relevant for the purpose of the registry (World Bank Group, 2019). However, despite being simple and user friendly a collateral registry should ensure that the security of information is maintained and also protected from unauthorized searchers (World Bank Group, 2019).

2.7.5.6.8 Cost Effectiveness

According to the World Bank Group (2019) costs related to the usage of a collateral registry should be reasonable including submission of notices, registrations and searching. Moreover, maximum use of technology could play an important role in reducing the operational, overhead and transactional costs to as low as possible (World Bank Group, 2019).

2.7.5.6.9 Informativeness

According to the World Bank Group (2019) some modern collateral registries require the collection and registration of information not relevant to the purpose of a collateral registry but for statistical purposes.

2.7.5.6.10 Add-only

Add-only is an important feature or function of an online collateral registry that prevent the alteration of data in the database by any person including the registry staff (World Bank Group, 2019). Moreover, this feature or function plays an important role in ensuring that registration history is available including cancelled registrations and apply to amendments as well and ensure that the original notice remains available with the amendment appearing as only add-on (World Bank Group, 2019).

2.7.5.6.11 Security and Data Integrity

The information contained in a collateral registry is important and delicate as it articulates or determines the preference or priority of secured creditors according to their liens or rights or encumbrances (World Bank Group, 2019). Consequently, protecting such data from all forms of risk (electronic tempering, natural or human-caused disaster and physical damage to registry facility) becomes imperative in ensuring the trustworthiness and integrity of the information contained in collateral registry database (World Bank Group, 2019).

2.8 Financial Literacy and Access to Finance for Micro Small and Medium Enterprises

2.8.1 Definition of Financial Literacy

Financial literacy is imperative in access to finance for all businesses around the world as observed by (Wadiyati, Wijayanto & Prihatiningsih, 2018) that it is important to the success of MSMEs. Moreover, financial literacy is fundamental in enabling entrepreneurs to make appropriate financial decisions and critical in improving MSME access to finance (Tadjibaeva, 2019). As a result, Anshika, Singla and Mallik (2021, p. 2) assert that "The success of MSE sector depends highly on the level of financial literacy of the entrepreneurs". Therefore, understanding financial literacy becomes imperative in discussing MSME access to finance.

However, despite its importance there is no universal definition of financial literacy and different institutions around the globe use different definitions (Contreras & Bendix, 2021; Minister of Finance Canada, 2021). Moreover, Oke (2018) notes that researchers and authors also define financial literacy differently. Additionally, Nguyen (2017) contends that despite the global acknowledgement of the significance of financial literacy, there is still no agreement on its definition, and has been defined and measured in a number of ways. Similarly, Mabula and Ping (2018) cited in Anshika et al. (2021) assert that there is no clear-cut standard definition of financial literacy in existing literature.

Furthermore, according to the Minister of Finance Canada (2021) there is confusion on the factors that are included in the definition of financial literacy. Moreover, Hossain, Ibrahim and Uddin (2020, p. 5) assert that the terms "financial literacy, financial education and financial knowledge" are used interchangeably in a number of studies. Similarly, Swiecka, Yesildag, Ozen and Gruma (2020) contend that different approaches and models have been adopted by a number of studies to define the concept of financial literacy.

Consequently, according to Adomako and Danso (2016) cited in Wadiyati et al. (2018) financial literacy refers to a combination of consultation capabilities and knowledge required in dealing with financial matters including budgeting, bookkeeping, bills & utilities payments, loan acquisition and payment. Additionally, Nepal Rastra Bank (2020) contends that financial literacy involves a mixture of attitude, knowledge, skills and behavior critical in making appropriate financial decisions. Moreover, according to Batsaikhan and Demertzis (2018) financial literacy refers to financial education in disciplines such as “statistics, economics and numeracy skills” coupled with the capacity to apply those skills in making appropriate financial decisions.

Additionally, OECD (2019) contends that financial literacy is the comprehension of financial concepts including the expertise and attitude to apply the knowledge and understanding in making sound financial decisions. Furthermore, according to Anshika et al. (2021) financial literacy entails the awareness and comprehension of financial concepts, products and services necessary to make sound financial decisions. Moreover, Fatoki (2021) notes that it involves the capacity and conviction to utilize financial knowledge in making sound financial decisions. Similarly, according to Yakoboski, Lursadi and Haster (2021) financial literacy refers to knowledge necessary for making financial decisions.

Consequently, measuring financial literacy becomes a challenge due to the lack of comprehensible standard definition (Remund, 2010, cited in Anshika et al., 2021). As a result, a comprehensive definition was developed by the OECD which defined financial literacy as a “mixture of knowledge, skill, attitude, behavior and awareness” critical in making appropriate financial decisions (Contreras & Bendix, 2021). Moreover, according to Lestari, Kantun, Hartanto, Suhargo and Widod (2020, p. 2); Widiyati et al. (2018, p. 256) financial literacy is categorized into: “well literate, sufficient literate, less literate and not literate”.

Consequently, according to OJK (2017) cited in Widiyati et al. (2018) well literate refers to a person who has adequate understanding of financial institutions including their products & services, features, rights & obligations, benefits & risks related to the financial products as well as adequate capacity to use those products. Moreover, Otoritas, Jasa and Keuangan (2014) cited in Lestari et al. (2020) contend that MSMEs possessing 21.84% understanding of financial institutions, their products & services, benefits & risks, rights & obligations related to those products and possessing the relevant skills to use them are well literate.

Additionally, OJK (2017) cited in Widiyati et al. (2018) assert that sufficient literate refers to a person with similar features to a well literate person, however, such people lack the relevant skills to use the financial products & services. Moreover, according to Otoritas et al. (2014) cited in Lestari et al. (2020) sufficient literate refers to MSMEs who possess 75.69% understanding of financial institutions, their features, products & services, benefits & risks, rights & obligations related to the products and services of the financial institution. Additionally, according to OJK (2017) cited in Widiyati et al. (2018) less literate refers to an individual who is only aware of financial service institutions, their products and nothing more.

Furthermore, Otoritas et al. (2014) cited in Lestari et al. (2020) assert that less literate are MSMEs who possess 2.06% understanding of financial institutions and their products & services. Additionally, OJK (2017) cited in Widiyati (2018) contend that non-literate refers to a person who is completely unaware of financial service institutions, their products & services, benefits & risks, rights & obligations related their products and lack of skills to utilize those products & services. Moreover, according to Otoritas et al. (2014) cited in Lestari et al. (2020) MSMEs possessing 0.41% understanding of financial institutions as well as their products & services and lack of skills to use those products are not literate.

Furthermore, Contreras and Bendix (2021) assert that the existing definitions of financial literacy are categorized into narrow and broad definitions. Moreover, narrow definitions are concerned with the degree to which individuals possess knowledge and skills necessary to make sound financial decisions. In contrast, broad definitions highlight that financial literacy is more than the skills and knowledge required to manage financial matters. Moreover, Anshika et al. (2021, p. 1) contend that there are three kinds of financial literacy: "general financial literacy, specific financial literacy and overall financial literacy". Additionally, Widiyati et al. (2018, p. 255) assert that the financial literacy model is formed by three factors: "financial knowledge, financial attitude and financial behavior". Furthermore, there are four principles that ought to be considered in measuring financial literacy: "relevance, brevity, simplicity and capacity to differentiate" (Widiyati et al., 2018)

2.8.2 The Importance of Financial Literacy on Access to Finance for MSMEs

Financial literacy is fundamental in access to finance for MSMEs around the globe and across all sectors. Moreover, accessing finance by borrowers from lenders is not an easy transaction and requires taking sound financial decisions in line with the needs of the borrower at a particular time. Consequently, such an activity requires understanding of the loan application process, collating of all required documents and choosing among the various sources of finance. Significantly, financial literacy is integral in understanding finances and making sound financial decisions (Addo & Asante, 2023; Anshika et al., 2021; Hossain et al. 2020; Swiecka et al., 2020). Additionally, according to Fatoki (2021) financial literacy is critical in the production of financial statements. Moreover, Agyapong and Attram (2019) contend that MSMEs that prepare financial statements on a regular basis are in a better position to have their loan applications approved and repaid.

As are result, Lusardi and Mitchell (2011) cited in Ye and Kulathunga (2019) note the importance of financial literacy in completing loan applications and persuading lenders during client interview. Additionally, Ye and Kulathunga (2019) assert that MSME owners who are financially literate are able to disseminate usable financial information within specified timelines to lenders leading to improved access to financial services. Moreover, Changwesha (2019) contends that improving the level of financial literacy of MSME owner or manager has a massive impact on improving the chances of access to financial services. Additionally, financial literacy is vital in improving access to affordable financial services (Ye & Kulathunga, 2019).

Consequently, according to Chawla (2018) cited in Anshika et al. (2021) financial literacy is crucial in enabling MSME owners to ascertain the necessity of additional finance as well as to when collateral should be arranged. Moreover, in line with rational choice theory financial literacy allows the borrower to make appropriate financial decisions according to the needs of an enterprise. As a result, Ye and Kulathunga (2019) assert that financial literacy is a crucial asset for making the right financial decisions. Additionally, OECD (2019) cited in Fatoki (2021) contend that financial literacy is crucial in helping MSMEs to appreciate both conventional and other sources of finance.

Moreover, Askar, Quatara and Zheng (2020) note that financial literacy has an impact on the sources of finance utilized by borrowers to obtain loans, thus explaining the pecking order theory. As a result, Agyaping and Attram (2019) assert that low levels of financial literacy can avert MSME owners or managers from understanding and evaluating financial products leading to lack of access to finance. Moreover, according to Agyei (2018) financial literacy is critical in explaining the utilization of financial services.

Furthermore, in support of the pecking order theory financial literacy allows entrepreneurs to make sound financial decisions regarding preference of sources of finance. Consequently, Addo and Asante (2023) contend that the objective of financial literacy is assisting people dealing in financial issues to make wise decisions. Moreover, Ye and Kulathunga (2019) note the importance of financial literacy in capacitating businesses with skills necessary to manage high tech credit market problems. Consequently, the significance of financial literacy on MSME access to finance cannot be overemphasized as observed by (Nguyen & Nguyen, 2020) that it is a decisive factor in participating in financial markets.

Moreover, Oke (2018) asserts that financial literacy is a critical connector between borrowers and lenders that improves access to finance. Additionally, Lyons, Grable and Zeng (2019) contend that it is a crucial instrument utilized to enable the economically vulnerable populace to partake in the financial market. Significantly, Owen (2020) asserts that financial literacy improves access to finance. Consequently, according to Oke (2018) shortage of financial literacy has a massive impact on understanding and accessing financial services from financial intermediaries.

Moreover, Tadjibaeva (2019) contends that low levels of financial literacy limit access to finance by MSMEs run by women and low income groups. Additionally, according to Hasan, Le and Hoque (2021) financial literacy is cited as one of the major obstacles impeding access to finance by people in the rural areas. Furthermore, according to Fadahunsi (1997) cited in Anshika et al. (2021) 85% of African businesses fail due to low levels of financial literacy. Moreover, Muno-Murillo et al. (2019) cited in Anshika et al. (2021) assert that weak financial literacy leads to wrong financial decision.

2.8.3 The Influence of Financial Literacy on Access to Finance for MSMEs

Financial literacy is imperative in influencing access to finance for MSMEs globally. Moreover, Damayanti, Murtaqi and Pradana (2018) assert that it is a basic necessity for all people and critical in mitigating financial challenges including embezzlement of credit. Additionally, Grohmann, Kluhs and Menkhoff (2018); Swiecka et al. (2020) contend that financial literacy is critical in appreciating finance and making logical financial decisions. Moreover, Lestari et al. (2020) emphasize the significance of financial literacy in MSMEs and assert that it is vital in alleviating errors in choosing sources of finance. Additionally, Finance Access (2020) notes that high level of financial literacy amongst all participants in a value chain is critical in enhancing access to finance and profitable equity deals.

Moreover, according to Mabula and Ping (2018) financial literacy is one of the elements that hinder access to finance. As a result, Askar et al. (2020) assert that lack of financial literacy is highlighted as a vital demand side challenge. Moreover, according to Fatoki (2021); Oke (2018) the shortage of financial literacy compromises the understanding and assessment of financial products from financial institutions. Consequently, Nguyen (2017) argues that the connection between financial literacy and access to financial services is supported by some evidence.

Moreover, a study by Ye and Kulathunga (2019) on a “sample of 291 Chief Financial Officers of SMEs in Sri Lanka” revealed the significance of financial literacy in predicting access to finance. Similarly, the Asian Development Bank (2021) established that financial literacy was critical in enhancing access to bank finance advanced by national and central banks in Nepal. Additionally, a study by Nguyen and Nguyen (2020) revealed that in Vietnam financial literacy was critical in influencing the participation of individuals in the financial market.

Furthermore, Charfeddine, Umlai and El-Masri (2024) conducted a demand side survey on a sample of 333 MSME importers in Qatar and found that financial literacy was one of the key detmerminants of access to credit in the country. Moreover, Widyastuti et al. (2023) conducted a demand side study on sample of 324 MSMEs in four cities in Eastern Java (Mojokerto, Pasuruan, Gresik and Sidoarjo) and found that financial literacy had a significant effect on access to formal credit. Similarly, Wijayangka, Gustyana, Sari and Waspada (2021) conducted a demand side study on a sample of 350 MSMEs in Bandung, West Java Province, Indonesia and found that financial literacy does affect access to finance.

Furthermore, Hererra, Warokka and Agmar (2023) conducted a demand side on a sample of 550 MSMEs in Jakarta Provice, Indonesia and found that financial literacy was positively associated with access finance. However, in a study conducted by Chowdhury and Alam (2017) on the factors affecting access to finance for SMEs in Blangadesh, financial literacy was not cited among the major obstacles impeding access to finance by the sector. Similarly, Lyons et al. (2019) found that financial literacy had a minimal effect on influencing the use of bank loans by the vulnerable groups (rural, illiterate and migrant households) in China.

Consequently, the demand side of the credit system (MSMEs) has been prioritized by a multitude of research studies a position that compromised the comprehensiveness of the findings (Charfeddine et al., 2024; Hererra et al., 2023; Widyastuti et al., 2023; Wijayangka et al., 2021). Moreover, the convenience sampling approach was adopted by Ye and Kulathunga (2019) which also compromised the representativeness of the study population. Furthermore, the study by Lyons et al. (2019) used secondary data from a 2013 survey hence the accuracy and reliability of the data was compromised.

Furthermore, a multitude of studies revealed that financial literacy had a significant impact on MSME access to finance in Africa. Consequently, Oke (2018) conducted a demand side study on a sample of 280 SMEs in Kwara State in Nigeria and found that financial literacy was a critical predictor of access to finance. Similarly, a study by Idigo (2021) found that financial literacy was one of the predictors of access to credit by female-owned businesses in Nigeria. Moreover, Addo and Asante (2023) conducted a demand side study on a sample of 396 SME owners/managers in Ghana and found a significant relationship between financial literacy and access to finance. Similarly, a study by Twumasi, Jiang, Wang, ding, Frempong and Achampong (2021) in Ghana found a significant positive relationship between financial literacy and access to financial services.

Furthermore, Owen (2020) in his study on the effect of financial literacy on financial access and savings in Kenya revealed that financial literacy was crucial in enhancing the chances of access to formal financial services and minimizing the probability of access to informal financial services. However, a study by Buyinza et al. (2018) in Uganda did not find any association between access to finance and financial literacy in micro small enterprises in relation to formal credit. Moreover, Bello and Mustapha (2021) found that MSME access to finance was significantly influenced by owner or manager experience and skills in Nigeria.

However, Twumasi et al. (2021) found that the association between access to finance and financial literacy was not linear and did not inevitably lead to the accessibility of finance in Ghana. Moreover, a study by Seck (2021) in Senegal established that the factors influencing access to credit were: high sales turnover, fixed assets, experience of owner, business innovation and exporting, and audited financial statements. Similarly, a study by Thuku (2017) in Kenya revealed that education or training did not have any influence on SME access to finance.

Furthermore, the importance of financial literacy on access to finance for MSMEs has been acknowledged in the SADC region of the African continent. Moreover, a study conducted by Fatoki (2021) in Limpopo and Gauteng South Africa found a significant positive relationship between financial literacy and access to finance. Similarly, Changwesha (2019) in his study on a sample of “384 SMEs in Ekurhuleni Metropolitan Municipality in South Africa” found that access to finance and financial literacy were positively associated. Additionally, a study by Mabula and Ping (2018) on SMEs in Morogoro and Dar es Salaam in Tanzania revealed a signification relationship between financial literacy and access to finance.

However, a study by Chilembo (2021) in Zambia with the objective of establishing the relationship between collateral, interest rates and others factors and MSME access to finance did not find any “relationship between financial literacy and access to finance”. Similarly, Khanie (2018) in his study of the factors influencing access to credit found that gender, citizenship, experience of entrepreneur, firm size, business sector, sales and land ownership were the key determinants of access to credit in Botswana. Moreover, Changwesha (2019) adopted the systematic random sampling approach in selecting the study participants in Ekurhuleni Metropolitan Municipality an approach that has the potential to compromise the representativeness of the study population due to periodicity. Moreover, Mabula and Ping (2018) adopted the convenience sampling approach in their study. Similarly, Fatoki (2021) adopted the purposive sampling approach with 39% response rate.

2.9 Information Asymmetry and Access to Finance for MSMEs

2.9.1 Definition of Information Asymmetry

Financial information is fundamental in assessing loan applications and critical in determining the creditworthiness of the borrower. Moreover, Hussan, Salia and Karim (2018) assert that financial information forms the basis in project evaluations by lenders to make sound lending decisions and help MSMEs improve their potential of accessing external finance. Additionally, Abdesamed and Wahab (2014) emphasize the importance of financial information related to the performance of a business in assessing the viability of a business project by banks before approving a loan application. As a result, Lyons et al. (2019) contend that prioritizing financial information improves the chances of having a bank loan.

Moreover, Eniola, Entebang and Sakariyan (2015) note the importance of financial information in making rational business decision. Additionally, according to Djon and Lukiastuti (2021) availability of information is cited as one of the barometers of the intensity of customer decisions in taking credit. Consequently, Chilembo (2021) contend that the shortage of information could be a limiting factor in MSME access to credit. Additionally, according to Fatoki and Asah (2011) cited in Mabula and Ping (2018) the scarcity of business information is cited as one of the major obstacles influencing access to finance by small businesses from commercial banks. Moreover, the World Bank Group (2019) notes that insufficient documentation and poorly prepared business plans are highlighted as financial constraints by MSMEs in Bangladesh.

As a result, the provision of accurate and reliable information in a loan application is vital in enhancing its approval. Moreover, according to Hussan, et al. (2021) financial records (financial statements, cash flow projections and business plans) are paramount in providing useful information to a number of stakeholders and enables them to make sound financial decisions. Similarly, Thuku (2017) asserts that lenders use information in the financial statements to assess the chance of borrower delinquency. However, Ye and Kulathunga (2019) emphasizes the importance of the quality of financial information and contend that poorly prepared financial statements increase the probability of having loan applications rejected.

Moreover, Shikumo et al. (2016) contend that lack of accurate and reliable information on the performance of a business affect the approval of loan applications by commercial banks. Similarly, Ackerlof (1978) cited in Hussan, et al. (2021) notes that the shortage of appropriate information affects the risk assessment by lenders which effectively compromise the approval of a loan application. Moreover, Abdesamed and Wahab (2014) warn that insufficient information affects the willingness of banks to supply MSME finance due to uncertainty. Additionally, Huang, When and Liu (2014) assert that shortage of pertinent information negatively affects decision making by the lender.

Consequently, according to Mund (2020) MSMEs are unable to provide reliable information on their performance due to lack of publicly available information. Moreover, the opacity of MSMEs is exercibated by the lack of resources to engage qualified accounting personnel to ensure implementation of sound accounting systems. Additionally, MSMEs are not required to appoint external auditors by national policies of a number of countries particularly from developing economies. Significantly, according Abraham and Schmukler (2017) the use of financial services by small businesses could be explained by both sides of the credit system.

Moreover, Mund (2020, p. 1) notes that the lack of “access to adequate and timely credit” by MSMEs is a result of a number of obstacles emanating from both sides of the credit system. Therefore, the availability of accurate and reliable financial information from both sides of the credit system becomes imperative in promoting access to finance by MSME. However, Owen (2020) warns that the proper functioning of the credit market is affected by imperfect information between lenders and borrowers. Moreover, Yoshino and Taghizadeh-Hesary (2017) note the existence of information asymmetry between lenders and borrowers of funds in a credit contract. Similarly, Khatali (2020) contends that information asymmetry is dominant in the current credit market.

Additionally, the International Finance Corporation (2018) asserts that matters relating to information asymmetry are well recognized around the world. Furthermore, according to Bergh, Kitchen, Orlandi and Boyd (2018) information asymmetry is the foundation of management research. Consequently, the concept of information asymmetry refers to a position where one party to a contract or transaction is considered to have more or better details regarding a contract or transaction than the other party (Chilembo, 2021; Fasola et al., 2020; Ashikia et al., 2017; Khatali, 2020). Moreover, the concept of information asymmetry is grounded in the theory of information asymmetry which was proposed by Akerlof in 1970 (Fasola et al., 2020).

Consequently, according to Khatali (2020) business managers normally possess better information relating to their business and the industry they operate in than the actual owners and potential investors. Moreover, Abdesamed and Wahab (2014) contend that MSME owners usually possess more and better information about their business performance compared to banks. Similarly, the International Finance Corporation (2018) asserts that borrowers have more information relating the viability and payment ability of a business than the lenders.

Furthermore, according to Golembska (2021) information asymmetry leads to knowledge imbalance between participants to a contract (borrowers and lenders). Moreover, Fasola et al. (2017) warns that information asymmetry could result in a dangerous situation as the party with superior information could take advantage of the other with less information. Additionally, Khatali (2020) contends that knowledge imbalance could lead to unfair competition in a market. Consequently, the World Bank Group (2019) notes that information asymmetry may lead to adverse selection, moral hazard and credit rationing.

2.9.2 The Influence of Information Asymmetry on Access to Finance for MSMEs

The influence of information asymmetry on access to finance for MSMEs is massive and well documented in all countries around the world. Moreover, according to Khatali (2020) the impact of information asymmetry could be positive or negative. Consequently, according to the International Finance Corporation (2018); Rajamani and Nurmal (2019) information asymmetry is cited as the root cause of the discrepancy between the demand and supply of MSME finance. Moreover, the International Finance Corporation (2018) contends that information asymmetry is the main driving force for the MSME finance gap.

Consequently, Agyei (2018) assert that meeting financial demands for small businesses is compromised by information asymmetry. Moreover, according to the Asian Development Bank (2021) information asymmetry is highlighted as a key obstacle in access to finance for MSMEs. Furthermore, according to Wu, Song and Zeng (2008) cited in Fasola et al. (2017) information asymmetry is cited as the main reason for commercial bank‟s reluctance to provide SME loans. Consequently, these assertions are supported by a study conducted by Qu, Wangchati, Wu and Chin (2018) in China which established a positive association between information asymmetry and the issuance of debt.

Similarly, a study by Mund (2020) revealed that MSMEs were financially constrained in India due to their opacity which significantly affect the assessment of their creditworthiness and consequently lead to high collateral requirements. However, in both studies secondary data was used to establish the relationship between information asymmetry and access to MSME finance. Additionally, Quartey, Turkson, Abor and Iddrisu (2017) adopting "both subjective and objective measures of access to finance" and using data from the World Bank" Enterprise Survey to ascertain the determinants of access to finance, established that the depth of credit information was one of the major factors influencing access to finance in the "Economic Community of West African States (ECOWAS) sub region".

However, the study used secondary data hence the accuracy and reliability of the data was compromised. Moreover, a study by Abdelhafid and Mohammed (2019) revealed an association between information asymmetry and access to finance in Algeria. Additionally, Njue and Mbongo (2017) adopting a descriptive study design on a sample of 17 banks in Kenya established that SMEs access to finance was hindered by the lack of creditworthiness information about SME businesses. However, both studies focused on the supply side of the credit system compromising the comprehensiveness of the findings.

Furthermore, Shikumo, et al. (2016) in their study of the determinants of lending to SMEs by commercial banks in Kenya did not find any relationship between information asymmetry and access to credit by the sector, instead bank size and liquidity were found to have a massive influence. Similarly, a study by Manaye and Tigro (2017) did not find any association between information asymmetry and access to finance by small and micro enterprises in Wolaita Soddo town Ethopia. Additionally, the International Finance Corporation (2018) in South Africa revealed that information asymmetry is integral in increasing MSME finance gap.

Moreover, a study by Ndala (2019) in Blantyre City in Malawi on a sample of 100 SMEs selected through random sampling technique revealed that failure to provide audited financial statements was cited as one of the major obstacles to access to finance for the sector. Furthermore, a study by Osano and Languitone (2016) on the factors influencing access to SME finance in Mozambique found a relationship between awareness of funding and access to finance. Moreover, the study established that there was information asymmetry and financial institutions had little knowledge about the SMEs. Additionally, the study population comprised both SMEs and financial institutions an approach that is critical in enhancing the comprehensiveness of the study findings through triangulation.

However, according to the World Bank Group (2019) credit reporting systems constitute an important component or element of a country‟s credit infrastructure and critical in mitigating issues of information asymmetry. Similarly, the OECD (2019) asserts that credit information systems play an important role in reducing information asymmetry through giving potential lenders credit history of borrowers. Therefore, getting a deeper understanding of credit reporting systems become imperative in attempting to address information asymmetry.

2.9.3 The Role of a Credit Reporting System in Addressing Information Asymmetry between MSMEs and Lenders or Financial Institutions

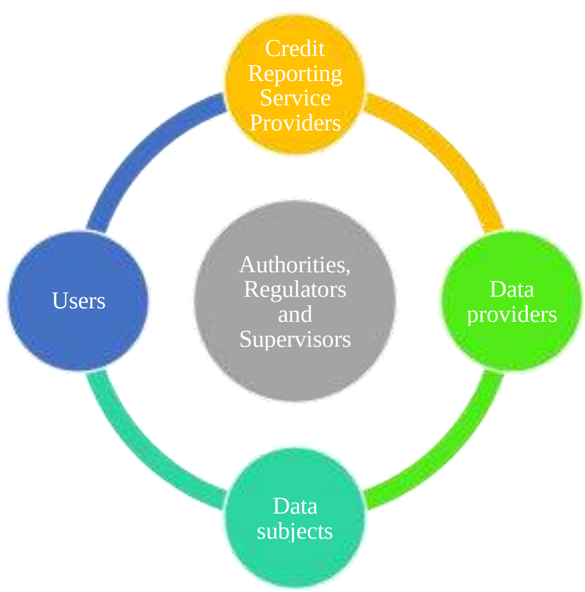
According to the World Bank Group (2019) a credit reporting system constitutes a number of components crucial in ensuring efficient functioning of the system: a database of borrower information, institutional, technological and legal frameworks. Moreover, a well-functioning credit reporting system plays an integral role in improving access to credit for creditworthy borrowers who were previously underserved (World Bank Group, 2019).

Furthermore, the World Bank Group (2019) asserts that a credit reporting system plays an important role in reducing lending risk through the provision of reputational collateral and that a well-functioning system provide lenders with important information critical in reducing portfolio risks and transactions costs. As a result, the importance of a credit reporting system in addressing information asymmetry cannot be overemphasized as reported by the (International Trade Centre, 2022) that the absence of credit reporting system negatively affects lending to MSMEs by formal financial institutions. However, the author warns that developing a credit reporting system is not an easy task and may take between three to five years or even longer.

Moreover, according to the World Bank Group (2019, p. 4) the effectiveness of a credit reporting system depends on the active participation of the relevant stakeholders: "individuals, MSMEs, CRSPs, data providers, authorities, regulators, and supervisors". Consequently, figure 2.3 below clearly demonstrate the key stakeholders in credit reporting system.

Figure 2.3

Key Stakeholders in Credit Reporting System



Note: Adapted from IFC (2017) cited in The World Bank Group, 2019, p. 4

Moreover, the participation of all stakeholders in executing the relevant activities (collecting, producing, storing, processing, distributing, and using information to support credit-granting decisions and financial supervision) is vital in enhancing the performance of a credit reporting system. Therefore, understanding the role of all actors in a credit reporting system becomes important.

2.9.3.1 Credit Reporting Service Providers (CRSPs)

According to the World Bank Group (2019) CRSPs are organizations involved in the collection of the credit history of borrowers (individuals or businesses) from a variety of sources including creditors and public sources. Moreover, the information collected includes court judgments, credit payment records and bankruptcies (World Bank Group, 2019). Additionally, the work of credit reporting service providers involves collecting information about the borrowers, thoroughly check that information and then prepare a comprehensive report which they share with lenders or financial institutions (World Bank Group, 2019). However, the World Bank Group (2019) warns that CRSPs are not the same as credit rating agencies or organizations like Standard & Poor‟s, Moody‟s, and Fitch.

Moreover, the World Bank Group (2019) contends that credit rating agencies deals with large organizations whereas credit reporting service providers deals with small creditors. Additionally, credit rating agencies collect & analyze all data collected from large organizations and issue a credit rating whereas CRSPs collect & analyze data from small creditors and issues credit scores (World Bank Group, 2019). Furthermore, there are three kinds of CRSPs: credit bureau, credit registry and commercial credit reporting company (World Bank Group, 2019). Moreover, all three types have their own advantages and disadvantages and no one CRSP is better than the others (World Bank Group, 2019).

Consequently, the World Bank Group (2019) asserts that the three CRSPs can co-exist because they are not mutual exclusive. As a result, a deeper understanding of each of the CRSPs is very important in understanding credit reporting systems.

2.9.3.1.1 Credit Bureau

According to the World Bank Group (2019) credit bureaus collect credit histories of individuals and MSMEs from a number of sources: credit card providers, financial institutions, telecommunication & utility businesses. Moreover, a credit bureau also collect information from other sources such as billing data from gas, water, electricity, cable, telephone, internet, and other services in order to improve the comprehensiveness of the credit history reports (World Bank Group, 2019). Additionally, the World Bank Group (2019) asserts that the use of information from billing data is important and enables individuals and MSMEs who have never had access to credit to build a credit history. Similarly, according to the OECD (2019) collecting information from a wide range of sources is beneficial to borrowers who do not have a current credit history.

Moreover, the work of a credit bureau involves the collection of credit information for borrowers (individuals or MSMEs), thoroughly checking the collected information and producing a report which is then made available to lenders or financial institutions at fee (World Bank Group, 2019). Additionally, the report constitutes a comprehensive profile of borrowers incorporating personal details and their credit history (World Bank Group, 2019). Furthermore, the World Bank Group (2019) contends that in the current technological era credit reports are made available through online platforms or electronically. However, the Asian Development Bank (2022) warns that a credit bureau should not be confused with a credit database because the two are not the same.

Consequently, a credit bureau collects identifiable information whereas a credit database collects anonymous information (Asian Development Bank, 2022). As a result, according to the Asian Development Bank (2022) observing privacy and legal issues becomes imperative in a credit bureau as it deals with highly sensitive information compared to a credit database which deals with anonymous information. Similarly, the World Bank Group (2019) contends that where business loans are guaranteed by individuals all legislations pertaining to their privacy rights should be respected.

Furthermore, the importance of a credit bureau in addressing information asymmetry and consequently improving access to finance cannot be overemphasized as reported by (Madan, 2020) that the expansion of the coverage of a credit bureau in Napal resulted in a massive improvement on the country‟s ranking in doing business from 99 to 37 in getting credit. Moreover, a study by Njue and Mbogo (2017) in Kenya revealed that 100% respondents agreed that new regulations on credit bureaus were important in improving SME financial accessibility. However, according to the World Bank Group (2019) the information contained in a credit history of a borrower could be categorized into two categories: positive and negative.

Moreover, negative information refers to information pertaining to unmet loan obligations (Worl Bank Group, 2019). Additionally, such information was initially collected in order to enhance the screening process and exclusion of high risk borrowers by lenders or financial institutions (World Bank Group, 2019). Furthermore, the World Bank Group (2019) contends that cleared debts remain in borrower‟s credit history for a specified period and sometimes called "blacklist". In contrast, according to the World Bank Group (2019) positive information refers to information in a credit history of a borrower that show good credit conduct or representing met obligations of all accounts including open and closed.

However, the World Bank Group (2019) contends that the utilization of both negative and positive information has a massive impact in addressing information asymmetry and improving quality of credit decisions. Consequently, an analysis in Chile revealed that the utilization of a both negative and positive information resulted in better credit decisions than where negative information was used alone (World Bank Group, 2019). Moreover, according to the World Bank Group (2019) a study conducted in the USA found that the utilization of both negative and positive information led to a 43% decrease in default rate from 3.35% (negative information only) to 1.90% (both negative and positive information).

Similarly, studies in Argentina and Brazil revealed that the use of both negative and positive information led to 22% (Argentina) and 45% (Brazil) decline in default rate. Moreover, a study in the USA found that the utilization of both negative and positive information led to an exponential increase (88%) in the rate of loan approvals. Furthermore, according to the World Bank Group (2019) there are three major credit bureaus in the world: Experian, TransUnion, and Equifax. Moreover, the World Bank Group (2019) contends that while these credit bureaus started in the OECD countries they have expanded over the years to other parts of the world particularly to the emerging markets.

Consequently, the World Bank Group (2019) asserts that TransUnion was established in Central America adopting the hub-and-spoke model with a hub in Guatemala and spokes in Costa Rica, El Salvador, Honduras, and Nicaragua. Similarly, TransUnion was also established in South Africa and servicing Namibia and Botswana (World Bank Group, 2019). Consequently, according to the World Bank Group (2020) cited in UNECA and Eswatini Government (2021) a credit bureau operating under the TransUnion has been be operating in the Kingdom of Eswatini since 1996 covering 54% of the adult population and collect only negative information.

2.9.3.1.2 Credit Registries

According to the World Bank Group (2019) credit registries are organizations collecting credit information on both individuals and businesses from a variety of sources. Moreover, the World Bank Group (2019) contends that the sources of information for credit registries are banks (public or private), development banks, credit unions or corporations, finance corporations, credit card issuers, firms providing loans or trade creditors, retailers, utilities providers, credit bureaus, courts, public databases and other. Additionally, the World Bank Group (2019) contends that reports from credit registries are usually free or obtained at a small fee.

Furthermore, according to the World Bank Group (2019) credit registries were initially used for prudential supervision of banks by Central Banks. However, overtime credit reports issued by credit registries have been made available to lenders to improve their credit risk assessment process (World Bank Group, 2019). Consequently, the Reserve Bank of India asserts that the country"s public credit registry will constitute a large database of all borrowers (individuals or businesses) and accessible to all stakeholders. Significantly, according to LAE Academy (2019) in India the country"s public credit registry will play an important role in consolidating loan related information in one repository.

Additionally, the registry will help lenders or financial institutions through the provision of an all-round or 360% view or picture of the profile of borrowers (LAE Academy, 2019). Moreover, the public credit registry of India will play an important role in enhancing the loan assessment or screening process and ultimately improve access to finance (LAE Academy, 2019). Consequently, according to the Reserve Bank of Zimbabwe (2017) the country"s registry provides five reports: "credit registry report, credit registry report plus, scoring report, consumer report, consumer report plus". Moreover, the author contends that a credit registry report provides a credit history of borrowers including all their facilities, contacts and collateral held.

2.9.3.1.3 Commercial Credit Reporting Companies

According to the World Bank Group (2019) commercial credit reporting companies are business entities collecting credit information on businesses from a variety of sources. Moreover, the work of commercial credit reporting companies involves collecting credit information for businesses, collating it and producing a credit history report that is made available to lenders or the organization‟s customers (World Bank Group, 2019). Additionally, the World Bank Group (2019) asserts that they are crucial in addressing information asymmetry and help lenders in their risk assessment process.

However, the World Bank Group (2019) contends that commercial credit reporting companies focus on medium & large businesses and do not collect individual information. Consequently, this form of CRSPs has limitations where micro enterprises are involved and where individual‟s credit histories are required to assess the character or creditworthiness of the business owner. Significantly, only credit bureaus and registries are popular around the world (World Bank Group, 2019).

2.9.3.2 Data Providers

Data providers constitute a crucial part of the credit reporting system and critical in the successful functioning or operation of credit reporting service providers (CRSPs) (World Bank Group, 2019). Moreover, data providers are the main source or suppliers of information and the successful functioning of CRSPs depends on the active participation of the data providers (World Bank Group, 2019). Additionally, the World Bank Group (2019) contends that data providers include: banks, other financial institutions, card issuer, retailers, utilities providers and all private and public entities collecting relevant consumer information.

2.9.3.3 Data Users

Data users also constitute an important part of the credit reporting system and critical to the existence of CRSPs because collecting information on the credit history of borrowers would be pointless if such information was not going to be used. Moreover, according to the World Bank Group (2019) users of CRSPs reports include central banks, commercial & development banks and non-bank creditors. Additionally, the World Bank Group (2019) asserts that such users are sometimes referred to as subscribers or members of CRSP and pay membership fees in some instances.

2.9.3.4 Data Subjects

Data subjects are the consumers or individuals and the businesses (MSMEs or large) whose credit information is provided by the data providers to the credit reporting service providers (CRSPs). Consequently, the importance of data subjects cannot be over-emphasized because without their information the existence of CRSPs would not be necessary or pointless. Moreover, the World Bank Group (2019) asserts that data subjects are the main focus of lenders or financial institutions because their credit history is critical in the assessment of their loan applications.

2.9.3.5 Regulators

Regulators play an important role in ensuring a sound operating system not only in credit reporting but including other spheres. Moreover, allowing unregulated institutions to operate in a country and have unhindered access to individuals & businesses" identifying and sensitive information would be catastrophic. Consequently, the World Bank Group (2019, p. 5) defines regulators as an "authority with statutory powers of supervision over credit reporting activities and services". Additionally, regulators are entrusted with responsibility to develop operational & regulations as well issuing of licenses (World Bank Group, 2019).

2.10 Firm and Owner or Manager Characteristics and Access to Finance for MSMEs

2.10.1 Definition of Firm Characteristics

Firm characteristics are important attributes of MSMEs and critical in enhancing access to finance by the sector. Moreover, firm characteristics are imperative in assessing the creditworthiness of MSMEs and ensuring credit approval by financial institutions. Therefore, understanding firm characteristics becomes imperative in understanding MSME access to finance. However, despite its importance there is no universal definition of firm characteristics and different attributes are used by research professionals and scholars to define the concept.

Moreover, lack of access to finance by SMEs cannot be explained by one factor (Chowdhury & Alam, 2017). Consequently, according to Zelalem and Wubante (2019) firm characteristics involve firm size, age, business information and legal status. Additionally, Flaminiano and Francisco (2021) contend that firm characteristics involve firm size, age and ownership. Similarly, Oke, Sanni and Ijaiya (2019) note that the concept refer to firm age, size, incorporation and industry. Moreover, according to Quartey et al. (2017) the factors involved in firm characteristics include firm size, ownership, strength of legal system and depth of credit information.

Furthermore, according to Balogun, Nazeem and Agumba (2016) firm characteristics entail firm size, owner‟s equity, business plan, collateral, project value and business tax number. Moreover, Njue and Mbongo (2017) assert that the concept involves firm size, age, legal status of a business. However, Flaminiano and Francisco (2021) observed that business size, age and ownership type are the most studied attributes of firm characteristics. Moreover, according Menberu (2018) in literature related to access to finance firm size is one of the critical variables in developing and developed economies.

Additionally, Beck et al (2005) cited in Menberu (2018) asserts that firm size is crucial in analyzing financial limitations. Consequently, the author contends that MSMEs are financially constrained compared to large businesses. Furthermore, according to Hashmi, Gulzar, Ghafoor and Naz (2020) there are four measures of firm size: total assets, total sales, market capitalization and number of employees. Moreover, Yadar, Pahi and Gangakhedkar (2021) assert that firm size is measured using total assets and net sales. Furthermore, in a study by Hung, Vinh and Thai (2021) in Vietnam total assets and total revenue were used as proxy for firm size.

Moreover, according to Ilaboya and Ohiokha (2016) firm age refers to the number years of incorporation of a business entity. Similarly, Manaye and Tigro (2017); Rajamani and Nirmal (2019) assert that business age means the period a firm has been in existence. However, Chowdhury and Alam (2017); Flaminiano and Francisco (2021) contend that firm age refers to the number years of operations. Additionally, according to Menberu (2018) the different stages of a business life cycle have a massive impact on MSME access to finance. Moreover, Inngot (2017) cited in Brassell and Boschmans (2018) categorize business development stages into early stage, growth and maturity, and contends that these stages determine the relevant type of finance.

Similarly, Singh and Wasdani (2016) cited in Mund (2020) assert that there are four stages of a business life cycle: startup, survival, growth and sustenance and also note that different types of finance are relevant for different stages. Consequently, according to Manaye and Tigro (2017) the longevity of business entity is critical in demonstrating that it can withstand difficult economic conditions and prove that the business does not adopt opportunistic behavior. As a result, Rajamani and Nirmal (2019) note that startup or early stage businesses are normally financially constrained due to information asymmetry resulting from lack of credit history.

Consequently, according to Singh and Wasdani (2016); Inngot (2017) cited in Brassell and Boschmans (2018) debt finance is not relevant during startup or early stage of a business life cycle. Moreover, Singh and Wasdani (2016) contend that debt finance for working capital, short term loans and overdrafts is pertinent during survival, growth and sustenance stages. Additionally, Inngot (2017) cited in Brassell and Boschmans (2018) contends that debt finance is appropriate during maturity and could be relevant during growth stage only if greater confidence is generated. Moreover, Deaking et al. (2008) cited in Njue and Mbongo (2017) assert that younger businesses are financially constrained compared to older enterprises.

Furthermore, according to Rajamani and Nirmal (2019) business ownership is critical in determining MSMEs capital structure. Moreover, Flaminiano and Francisco (2021) contend that business ownership is imperative in deciding whether a business is a sole proprietorship, partnership and limited liability company. Significantly, the legal status of MSMEs is critical in the assessment of loan applications and in ensuring that the interest of lenders is protected in line with the requirements of the delegated monitoring theory. Moreover, a study by Zelalem and Wubante (2018) on the impact of firm characteristics on access to MSME finance in Southern Ethiopia revealed that the sector is categorized into sole proprietorship, partnership and corporation.

Additionally, Changwesha (2019) asserts that legal status of a business refers to private company, partnership and sole proprietorship. Furthermore, a sole proprietorship refers to a business entity where the owner has complete control of the business and making important decisions (Skripak, Cortes & Walz, 2016). Moreover, a partnership is a business owned by two or more partners who have control of the business activities. Consequently, sole proprietorships and partnerships are not required to prepared annual financial statements and lack perpetuity.

Moreover, corporations or limited liability companies exist as a separate legal entity from their owners. Additionally, according to Skripark et al. (2016) they are required to prepare annual financial statements and their existence is perpetual, and these factors are critical in influencing access to business finance.

2.10.2 The Influence of Firm Characteristics on Access to Finance by MSMEs

Firm characteristics are fundamental in access to finance by MSMEs and crucial in the assessment of sector‟s creditworthiness. Moreover, according to Menberu (2018) firm characteristics have a massive impact on the capacity of MSMEs to access external finance. Additionally, Beck et al. (2003) cited in Quartey et al. (2017) contends that firm characteristics are vital in explaining and predicting the challenges SMEs face in accessing finance. Furthermore, Oke et al. (2019) observed that even in financial markets that are liberalized lack of appealing firm characteristics have a massive impact of access to finance. Similarly, Herelimana (2017) contends that access to finance by SMEs is affected by lack of firm characteristics.

Moreover, according to Flaminiano and Francisco (2021) firm size, age and ownership are among the most studied determinants of credit constraints. Moreover, in support of the delegated monitoring theory firm characteristics plays a critical role in the assessment of borrower creditworthiness and minimizing lending risk. Consequently, these assertions are supported by a multitude of research studies conducted in both developed and developing countries. Moreover, Uddin et al. (2022) conducted a demand side survey on 200 SMEs in India and found that business size, age and ownership does affect access to finance.

Similarly, a study by Chowdhury and Alam (2017) on a sample of 86 SMEs, using both primary and secondary data revealed that firm characteristics do affect access to finance by the sector in Bangladesh. However, the study used convenience sampling approach which may have compromised the representativeness of the study population. Moreover, Flaminiano and Francisco (2021) conducted a study analyzing the relationship between firm characteristics and credit constraints among SMEs in Philippines and established that the impact of firm characteristics on access to formal finance is not the same as access to informal finance.

However, the study sample was selected through the use of multi-stage and systematic random sampling approach having a potential to affect the representativeness of the study sample due to periodicity. Additionally, the study only focused on the demand side of the credit system. Moreover, Quartey et al. (2017) conducted a study on SME financing constraints within "Economic Community of West African States (ECOWAS)" region of the African continent using both subjective and objective measure of access to finance and found that firm characteristics were major determinants of access to finance. However, secondary data were used in the study compromising its reliability.

Furthermore, Oke et al. (2019) conducted a study examining the impact of firm characteristics on access to SME finance in North Central Nigeria through drawing comments from both sides of the credit system and found a significant positive relationship between the two variables. However, the study also revealed that firm size does not have any impact on access to finance by the sector. Additionally, Buyinza et al. (2018) established that firm characteristics had a massive impact on the approval of loan applications in Uganda. Similarly, Bakhtiari et al. (2020) found that matured & big enterprises are less constraint on access to finance compared to their young & small businesses.

Additionally, according to the World Bank Group (2018) firm characteristics have a positive impact on SME bank debt ratio in Ghana and resulting in bank loans accounting for less than a quarter of sector‟s total debt finance. Similarly, Zelalem and Wubante (2019) using both primary and secondary data examined the impact of firm characteristics on access to finance by MSMEs in Southern Ethiopia and found a significant positive association between the variables. Moreover, a study by Thuku (2017) in Kenya revealed that firm characteristics had an impact on access to finance with businesses that were more than three years old demonstrating more experience in loan application. However, the study focused on the demand side (SMEs) of the credit system hence the results lacked corroboration from the supply side. Additionally, the study was conducted in Nyeri County in Kenya compromising the generalizability of the results.

2.10.3 Definition of Owner or Manager Characteristics

Owner or manager characteristics are paramount in the assessment of creditworthiness of the borrower as observed by (Finance Access, 2020) that it is not the MSME that should possess the critical attributes essential for access to finance but the individuals within the business. Moreover, Makani, Letsina and Ewane (2020) note the importance of having the right profile to improve the probability of getting bank credit agreements. Therefore, understanding owner or manager characteristics becomes critical in discussing access to finance for MSMEs. However, despite the importance of owner or manager characteristics there is no universal definition of the concept and different attributes are used in both developed and developing countries.

Moreover, according to Chaniago (2020) many researchers use age, experience, education and gender to measure owner or manager characteristics. In contrast, according to Llanto and Rosellon (2017) owner or manager characteristics include age, sex, civil status, education, employment and income.

Moreover, Baker et al. (2018) cited in Beatrice, Murhadi and Herlambang (2021) contend that demographic variables of owner or manager comprise age, gender, education level, occupation, marital status and investment experience. However, age, gender and education remain the main attributes used by a multitude of researchers to measure owner or manager characteristics. Consequently, Rop, Otumba, Kibas and Nassinma (2021) define owner or manager characteristics using gender, age and level of education.

2.10.4 The Influence of Owner or Manager Characteristics on Access to Finance by MSMEs

The importance of owner or manager characteristics in influencing access to finance by MSMEs is acknowledged by a number of researchers in developed and developing countries (Ahmad, Tayachi, Haq, Wang'ombe & Ahmad, 2022; Makani et al., 2020; Zabri et al., 2021). Moreover, a study by Llanto and Rosellon (2017) on the determinants of financial inclusion in the Philippines using the National Baseline Survey revealed a relationship between owner or manager characteristics and access to finance. Consequently, Ahmad et al. (2022) conducted a demand side study on a sample of 204 SMEs in Khyber Pakhtunkhwa, Pakistan and found that age and level of education of the owner or manager affect access to credit.

Moreover, Zabri et al. (2021) contend that older owners or managers are cautious when making financial decision compared to younger business owners or managers hence they prefer to use personal funds to finance their business requirements. Similarly, Ogubazghi and Muturi (2014) cited in Zabri et al. (2021) observed that financial institutions perceive younger business owners or managers as risky compared to older owners or managers. Furthermore, studies have found that MSME owner or manager level of education has an impact on access to formal credit (Beatrice et al., 2021).

Moreover, Chowdhury and Alam (2017) conducted a study in Bangladesh using a sample of 86 SMEs and found that owner or manager education and skills had an impact on access to finance. Consequently, Mukete, Li, Mukete, Irene, Terence, Abdoulaye, Fandjinou, Ekoungoulou, Folega, Saeed, Amah and Zama (2021) opine that education plays an important role in improving MSME owner or manager awareness, exposure and access to the relevant information. Moreover, Mukete et al. (2021) contends that highly educated business owners or managers particularly those with University education stand a better chance of accessing formal credit because they are able to clearly articulate their loan proposals during an interview with a credit officer. Additionally, the Asian Development Bank (2021) observed that in Nepal education programs play a critical role in enhancing MSME access to finance promoted by national and central strategies.

Furthermore, Kende-Robb (2019) observed that 80% of female owned businesses are financially constrained resulting in a finance gap in the sum of US Dollars 1.7 trillion. Moreover, Rop et al. (2021) conducted a demand side study on a sample 35 SMEs in Eldoret Municipality and found that gender does affect access to finance. Similarly, Oke et al. (2020) conducted a demand side study on a sample of 280 SMEs from North Central Nigeria and found that gender had a significant association with access to finance. Additionally, Akoten and Odhuno (2023) found that male owners or managers face few obstacles in access to finance because they normally possess the required collateral compared to their female counterparts in Papua New Guinea. However, Ahmad et al. (2022) found that gender does not affect access to credit for SMEs in Khyber Pakhtunkhwa, Pakistan.

Furthermore, Makani et al. (2020) using primary data collected from a sample of 180 family SMEs in Cameron found an association between owner or manager characteristics and access to finance. However, the study adopted the purposive sampling approach to select study participants an approach that had a potential to compromise the representativeness of the study population. Similarly, a study by Sekyi (2017) in Wa Municipality in Ghana revealed that gender and age were among the key determinants of access to credit by rural households.

Moreover, Bello and Mustapha (2021) conducted a study in Nigeria on the factors that determine access to finance for MSME in the manufacturing sector on a sample of 507 businesses and found that owner or manager skills and experience had a significant influence on access to finance by the sector. However, the study focused on one side of the credit system compromising the comprehensiveness of the study results as observed by (Abraham & Schmukler, 2017) that explaining the utilization of bank services require both the demand and supply.

Furthermore, a study by Twumasi et al. (2021) in Ghana revealed that MSME owner or manager"s gender, age and education level were among the factors that have a significant influence on access to finance. Moreover, Njue and Mbogo (2017) conducted a study on the factors impeding access to finance in Kenya on a sample of 17 banks and established that education, age and gender had a massive influence on access to finance. However, the study focused on the supply side of the credit system resulting in the results lacking corroboration from the demand side.

Additionally, Ndala (2019) conducted a study in Blantyre-Gunnery Corner in Malawi examining the challenges faced by SMEs in accessing finance from financial institutions on a sample of 100 SMEs selected through the use of random sampling techniques and owner or manager characteristics were not cited among the obstacles in the results of the study, instead lack of collateral and audited financial statements were highlighted as the major challenges. Moreover, the study only focused on the demand side of the credit system missing the comments from the supply side.

Furthermore, a study conducted by Balogun et al. (2018) in the Gauteng province in South Africa revealed a positive association between owner or manager characteristics and MSMEs access to finance. However, the study adopted non probability convenience sampling approach compromising the representativeness of the study population. Additionally, the study was conducted in the Gauteng province affecting the generalizability of the study results to the entire country.

2.11 Conceptual Framework

The conceptual framework constitutes an important part of a thesis and critical in providing a blueprint or structure for the entire research process. Moreover, Chukwuere (2021, p. 2678) asserts that "Theoretical and conceptual frameworks are the foundation of any research process in IS research and others". As a result, the importance of a conceptual framework in a thesis cannot be overemphasized as acknowledged by many researchers who opine that it provides direction and improves the strength of a research study (Adom et al, 2018 cited in Chukwuere, 2021). Additionally, Ngulube (2018) cited in Chukwuere (2021) concurs with these views and asserts that in the absence of both the theoretical and conceptual frameworks conducting a research study is not possible.

However, whilst Salawu, Bolatitio and Masibo (2023) assert that both concepts are equally important and emphasizing the importance of ensuring that a research study is enchored or grounded in either a theoretical or conceptual framework, (Chukwuere, 2021) argue that both concepts should be applied in a research study. Moreover, according to Chukwuere (2021) a conceptual framework is formulated based on the main variables and concepts proposed by the researcher. Furthermore, Saunders et al. (2009, p. 367) classify variables into two main categories: “dependent and independent” and asserts that an independent variable causes change to the dependent variable with the dependent variable responding to changes from the independent variables.

Consequently, Salawu et al. (2021) contend that a conceptual framework clearly articulates the main variables, concepts and the relationship between those variables. Additionally, Chukwuere (2021, p. 2680) asserts that the thereoretical framework also forms an important basis for the formulation of a conceptual framework and asserts that “Researchers use it to establish their own research framework called conceptual framework”. As a result, Awunyo- Vitor (2018) developed his conceptual framework based on the theoretical framework. Moreover, a conceptual framework could be expressed in a narrative or graphical format (Crawford, 2020; Luft, Jeong, Idsardi & Gardner, 2022; Salawu et al., 2021).

Additionally, Crawford (2020) asserts that graphical format involves presenting a conceptual framework in a form of a map, diagram or picture, whereas, narrative format involves a presention in written text or words. Furthermore, Luft et al. (2022) contends that a conceptual framework could be presented either graphically or narratively or both. However, Crawford (2022) whilst acknowledging the liberty that researchers have in adopting a single presentation approach recommends the adoption of both narrative and graphical approaches.

Therefore, the conceptual framework for this study comes from the theoretical framework as depicted in figure 2.1 which clearly articulates the theories explaining both the demand and supply side of the credit system. Moreover, both narrative and graphical formats have been adopted in order to enhance the better understanding and interpretation of the conceptual framework as well as the research problem (Crawford, 2022). Additionally, the study variables (collateral, financial literacy, information asymmetry, firm and owner or manager characteristics, and access to finance) have not been categorized under dependent or independent variables because establishing causality was not the objective of this study (Taherdoost, 2022).

Moreover, the conceptual framework is based on the work of (Awunyo-Vitor, 2018; Fufa, 2016). Consequently, finance continues to be the lifeblood of the MSME sector in the country and critical in improving the performance of the sector in terms of employment creation, reduction of poverty & income inequality (Fomum & Opperman, 2023). Moreover, banks (Nedbank, FNB, Standard Bank and Eswatini Bank) and two development finance institutions (FINCORP and IDCE) constitute the main sources of external credit in the country with the financial intermediation theory and delegated monitoring theory explaining their role as financial intermediaries (Awunyo-Vitor, 2018; UNECA & Eswatini Government, 2021).

As a result, MSMEs are often required to make important decisions to meet their financial needs. Moreover, the rational choice theory assumes that borrowers including MSMEs are rational in their decision making resulting in the performance of a cost benefit analysis (Awunyo-Vitor, 2018). Consequently, Fufa (2016) contends that MSMEs are most likely to choose a source of finance that has the potential to increase their benefits and reduce their costs. Additionally, Awunyo-Vitor (2018) contends that the decision making process involves the consideration of a couple of factors including the desire, type and conditions of award.

Consequently, DePue (2020) contends that for someone to be able to make a rational decision about a particular issue access to the relevant information becomes imperative. Moreover, Djon and Lukiastuti (2021) opine that availability of information is crucial in informing borrowers or customers credit decisions. Similarly, financial institutions also require appropriate & sufficient information relating to performance and credit history of MSMEs during the assessment of their creditworthiness a process which is very important in the execution of their delegated monitoring responsibilities which demands that depositors‟ funds are prudently invested, and their interest is always protected (Hussan et al., 2021). However, information asymmetry is cited as one of the major challenges or obstacles of access to finance for MSMEs (Asian Development Bank, 2021; Matsongoni et al., 2021).

Consequently, information asymmetry theory explains that information asymmetry arises from a situation where one party to a transaction or agreement has more information than the other (Fasola et al., 2020). Moreover, Khatali (2020) asserts that managers of MSMEs normally possess more information about the business than financial institutions ultimately affecting their loan assessment processes. Consequently, Chilembo (2021) note that information asymmetry significantly affect access to credit by MSMEs. Moreover, Mund (2020) asserts that the MSME sector is financially constrained in India due to information asymmetry.

Similarly, Dlamini (2019) asserts that information asymmetry exists between MSMEs and development finance institutions in the Kingdom of Eswatini which compromises the assessment of their creditworthiness by financial institutions. Consequently, lack of appropriate and sufficient information relating to the performance of MSMEs significantly affect the loan assessment process of the sector by financial institutions, exercibating lending risk including moral hazard & adverse selection and resulting in high transaction costs (Ajuwan et al., 2018).

Moreover, Sulistya and Darwanto (2016) assert that transaction costs include the cost incurred in the assessment of creditworthiness of the borrower, approval and disbursement of loan, explaining the transaction cost theory. Consequently, in attempting to mitigate the information asymmetry problems as well as the high transaction costs, banks and development finance institutions in the Kingdom of Eswatini adopt rigid or strigent loan application and approval requirements which include: collateral, reducing loan amount, reducing repayment period and increasing interest rates (Alliance for Financial Inclusion, 2020; Dlamini, 2019).

Moreover, Matsongoni et al. (2021) found that collateral was one the main factors affecting access to credit for MSMEs in the Kingdom of Eswatini with financial institutions demanding collateral valued exorbitantly higher than the loan amount at an average of 285.5% (UNECA & Eswatini Government, 2021). However, despite being a key determinant of access to credit in the country lack of appropriate collateral is cited as a major challenge caused by the mismatch between the collateral required by financial institutions (immovable) and the assets in possession of MSMEs (movable) (Ajetomobi et al., 2022; UNECA & Eswatini Government, 2021). Consequently, Fomum and Opperman (2023) assert that lack of collateral is one of the causes of credit rationing by financial institutions.

Moreover, credit rationing theory explains that credit rationing arises where a borrower is denied credit by financial institutions despite demonstrating his or her willingness to pay higher interest (Bello & Mustapha, 2021). Additionally, reducing loan amount and reducing repayment period are other forms of credit rationing strategies that are applied by financial institutions to reduce the risk involved (Antoine et al., 2021). Furthermore, the MSME sector is perceived as riskier compared to large businesses hence they are subjected to high interest rates when applying for credit from financial institutions (UNECA & Eswatini Government, 2021).

Moreover, whilst the risk mitigation strategies including collateral, reducing loan amount, reducing repayment period and increasing interest rates or ultimately credit rationing are important to the financial institutions in performing their delegated monitoring responsibilities and ensuring that the interest of the depositors is protected, the negative effect they pose to the borrowers including MSMEs cannot be ignored. Consequently, the increase in transaction costs including interest rates results in increase to the cost of borrowing by MSMEs.

Moreover, financial institutions in the country adopt strigent loan application and approval requirements including: "business plans, cashflow projections, audited financial statements, bank statements for six months, trading licence, lease agreement or proof ownership of property, memorandum and articles of association, form j & c, certificate of incorporation, resolution to borrow, CVs of key personnel, directors" IDs, training and montoring by accredited service provider and quotations of material" (Eswatini Bank, 2024). Consequently, financial literacy of the owner or manager becomes important in meeting these requirements including collating the required documents and completing the application forms (Matsongoni et al. 2021).

However, lack of financial literacy among owners or managers of MSMEs in the country poses a huge challenge in complying with loan application and approval requirements (Ajetomobi et al., 2022). Consequently, engaging professional practitioners (accountants and attorneys) becomes an alternative however their exorbitant fees which significantly increase the cost of borrowing cannot be ignored. Additionally, firm and owner or manager characteristics become crucial in meeting the loan application and approval requirements from financial institutions (Dlamini, 2019). Moreover, women are said to be more constrained compared to their male counterparts (Ajetomobi et al., 2022; Hlanze, 2020; Zulu, 2022).

Additionally, formal registration with the Registrar of Companies is one of the requirements from financial institutions in the country (Eswatini Bank, 2024). Consequently, faced with collateral challenges, exorbitant borrowing costs as well as compliance with the loan application and approval requirements, MSMEs in the country are required to make very crucial decisions particularly on the sources of finance at their disposal. Moreover, demonstrating their rationality MSMEs who have been able to accumulate sufficient savings, having access to funding from family & friends and informal credit they do not borrow from financial institutions (banks, FINCORP and IDCE).

Moreover, FinMark Trust and UNCDF (2020) cited in Fomum and Opperman (2023) assert that 84% MSMEs in the Kingdom of Eswatini do not borrow from the banks with a few borrowing from friends and family. However, MSMEs do not borrow from financial institutions for different reasons, firstly because they prefer to use internal sources of funding and only approach external sources when the internal resources have been depleted or become inadequate in line with the pecking order theory (Botta et al., 2016 cited in Oshora et al., 2021) and secondly because of the huge cost of borrowing and risk associated with the sector resulting in self rationing in line with the credit rationing theory (Awunyo-Vitor, 2018; Dlamini, 2019).

In contrast, MSMEs who were unable to accumulate sufficient savings, lacking access to funding from family & friends and informal credit have to borrow from the financial institutions in order to support their financial needs (Awunyo-Vitor, 2018). Consequently, this position then result into two categories of MSMEs: non credit participants and credit participants (Fufa, 2016). Moreover, non credit participants refer to MSMEs who decide not to borrow from financial institutions and prefer to use personal savings, family & friends and informal credit, in contrast, credit participant refers to the MSMEs who decide to borrow (Fufa, 2016).

Furthermore, MSMEs who decide to apply for credit from the banks and development finance institutions their loan applications are either approved or rejected or approved with less amounts with information asymmetry, transaction cost and credit rationing having a major effect, thus explaining the information asymmetry theory, transaction cost theory and credit rationing theory (Awunyo-Vitor, 2018; Dlamini, 2019). Consequently, this position leads to two categories of borrowers: credit unconstrained and credit constrained (Awunyo-Vitor, 2018). Furthermore, the approval or rejection of loan applications by financial institutions are influenced by both institutional attributes and the characteristics of the MSMEs, ultimately factors from both sides of the credit system (Awunyo-Vitor, 2018).

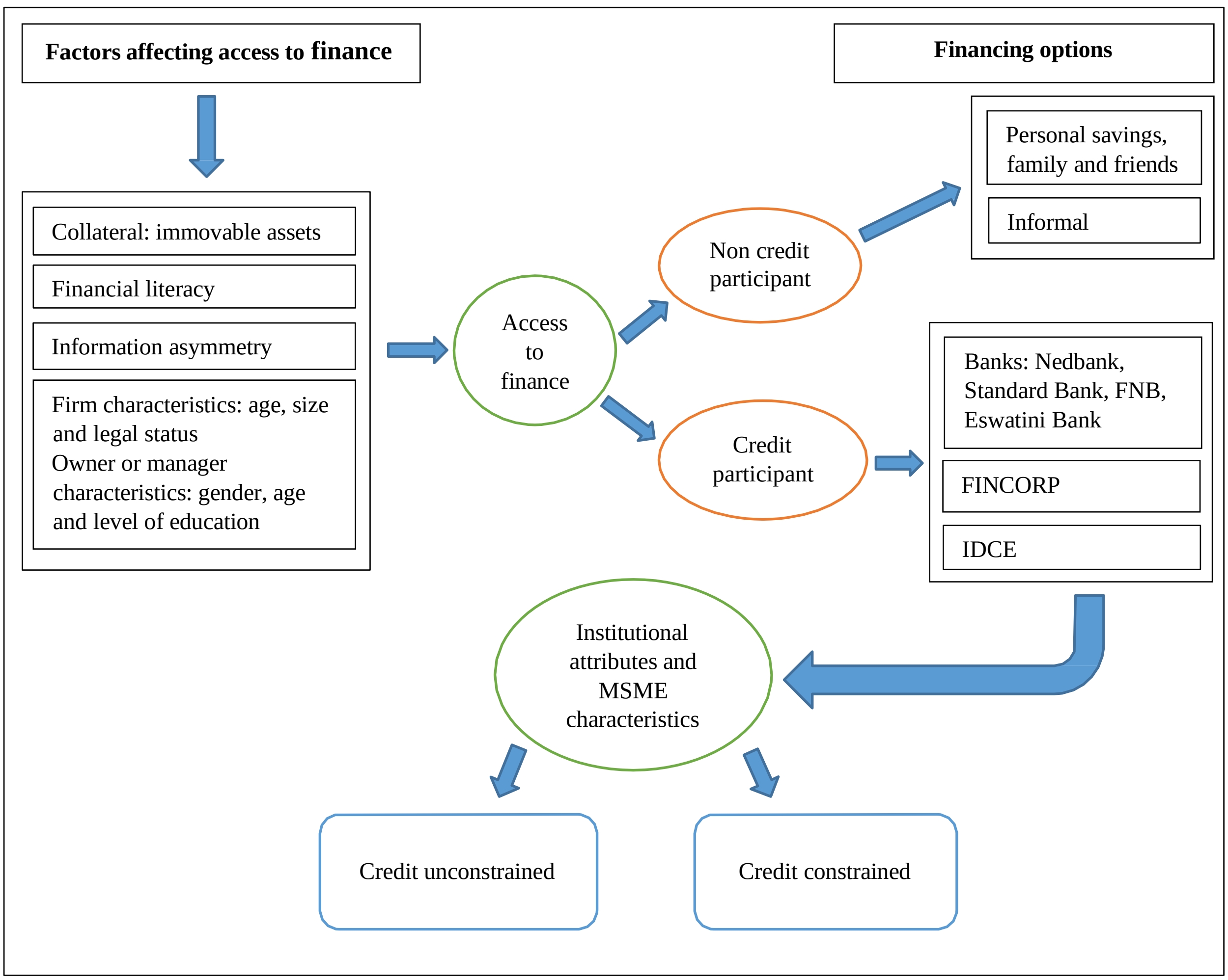
Therefore, it is conceptualized that the investigation of "the barriers impeding access to finance for MSMEs in Mbabane Eswatini" should be conducted empirically through a comprehensive study that would draw comments from both sides of the credit system, as literature revealed that the issue of access to finance could only be explained by both sides of the credit system (Abraham & Schumkler, 2017; Awunyo-Vitor, 2018; FinScope, 2017). Consequently, the mixed methods research methodology convergent design should be adopted in order to enhance a better understanding of the research problem through triangulation (Creswell, 2014).

Moreover, quantitative data should be collected from MSMEs through structured questionnaires with closed ended questions and qualitative data collected from financial institutions through semi structured interviews guided by an interview schedule. Additionally, quantitative data should be analyzed for both descriptive & inferential statistics and the results presented in statistical tables. In contrast, thematic analysis should be used to analyze qualitative data and the results presented verbatim to enhance their authenticity (Ranthla, 2017).

Furthermore, correlational reseach design should be adopted in line with the objectives of the study which seek to establish the relationship between the study variables without establishing causality (Taherdoost, 2022). Consequently, the variables for this study including their relationship are well articulated in figure 2.4 below:

Figure 2.4

Conceptual Famework



Note: Adapted from Conceptual Framework of the Study by Fufa, 2016, p. 16 and Conceptual framework of access to financial services and its impact on farmers income by Awunyo-Vitor, 2018, p. 54

Summary

This chapter extensively reviewed literature relevant to the research topic. Moreover, the introduction discussed the concept of literature review in detail including its importance in a research thesis or dissertation. Additionally, the research problem was restated. Furthermore, the country context was discussed including the geographical location of the Kingdom of Eswatini within the African continent, land size, population and trade relations with South Africa. Moreover, the state of the MSME sector in the country was extensively discussed including its importance and definition. Additionally, access to finance for MSMEs in the Kingdom of Eswatini was also discussed and the research GAP well articulated.

Additionally, literature relevant in answering the research questions for this study from a global perspective was extensively reviewed and the theoretical framework formulated based on the following theories which were deemed relevant to the study: “financial intermediation theory, information asymmetry theory, transaction cost theory, delegated monitoring theory, pecking order theory, rational choice theory and credit rationing theory”. Futhermore, the conceptual framework for this study was developed stating the study variable as well as their relationship.

Moreover, the literature review revealed two most important issues: firstly the theories and variables that were used by previous researchers which were going to be fundamental in guiding the development of the theoretical framework and conceptual framework for this study. Secondly, the literature review revealed that a majority of studies focused on one side of the credit system (demand or supply). Consequently, the next chapter will focus on the research methods and data collection.

CHAPTER 3: RESEARCH METHODS AND DATA COLLECTION

3.1 Introduction

Research methods are fundamental in all research studies irrespective of the discipline and critical in ensuring that appropriate data is collected. Moreover, research methods play a crucial role in the entire research process as they involve all techniques or tools used in a research project (Kothari, 2004). However, Dawson (2002) contends that research methods refer to the tools used to gather data in a research study. Consequently, data collection stage constitutes an important stage in a research process because without data (primary or secondary) the success of a research project is compromised. Therefore, this chapter will discuss extensively the research approach & design, population & sample of the research study, material or instrumentation of research tools, operational definitions of variables, study procedures & ethical assurances and data collection & data analysis techniques.

3.2 Restatement of the Problem

The problem is why are MSMEs in the Kingdom of Eswatini continuing to report access to finance as a major challenge despite the availability of a multitude of government interventions including the SSELGS and development finance institutions as well as banks willingness to assist the sector through the establishment of MSME departments within their banks. Consequently, the Kingdom of Eswatini has over the years directed more attention to the improvement of access to finance for MSMEs through the establishment of a number of programmes including the small scale enterprise loan guarantee scheme (SSELGS) and development finance institutions (FINCORP and IDCE). Moreover, banks in the country have also shown interest in assisting the sector through the establishment of the MSME departments within their respective institutions to specifically focus on the needs of the sector.

However, despite all this initiatives access to finance continues to be cited as a major challenge by MSMEs in the country (UNECA & Eswatini Government, 2021). As a result, this position indicates that there are barriers impending access to finance for MSMEs in the country other than collateral which ought to have been addressed by the availability of the SSELGS, yet, (Gama, 2019; FinScope, 2017; Zwane, 2019) report an underutilization of the scheme whilst access to finance continues to be reported as a major challenge in the country.

3.3 Research Approach and Design

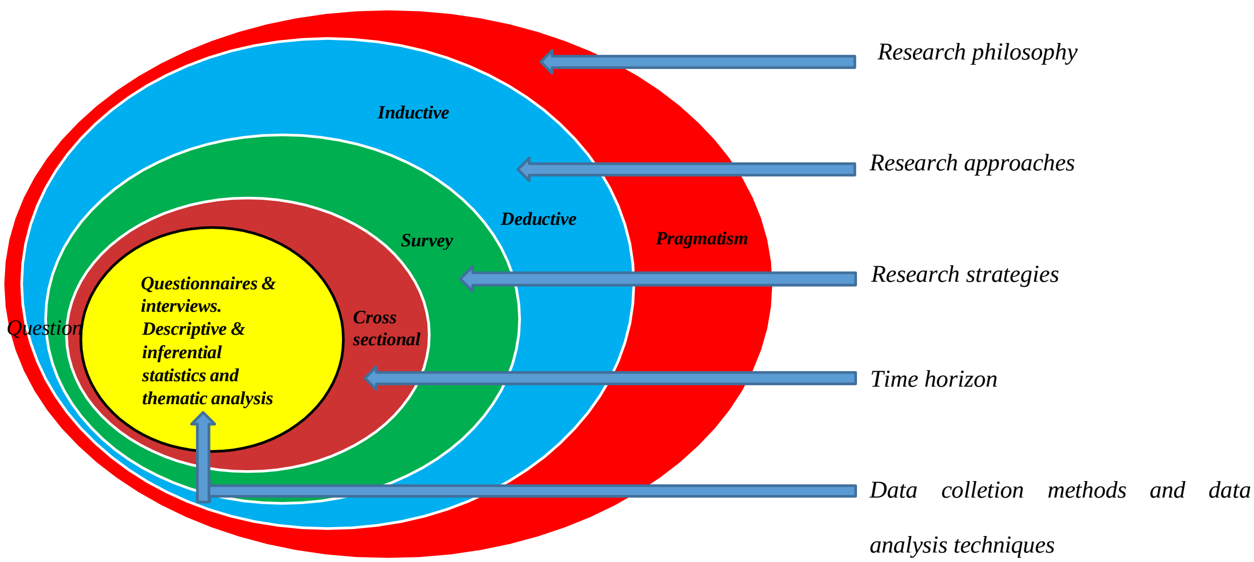
Research design is fundamental to the success of a research study and critical in informing the research process. Moreover, it is a blueprint for conducting a study in a cost effective manner and provides a structure of the proposed approach to answering the research question (Kothari, 2004; Saunders et al., 2009). Additionally, according to Somasundaram (2022) it is the overall strategy of the research process. Furthermore, Kothari (2004) contends that research design enables a researcher to better organize his or her ideas as well as improving the flow of the entire research process. Moreover, research design provides detailed information regarding the activities to be performed from writing hypothesis to data analysis and ensures confidence in the validity of the data collected (Kothari, 2004; Norman, 2020).

Additionally, Somasundaram (2022) contends that it ensures accuracy, reliability, consistency and legitimacy to a research study. Furthermore, research design provides focus on a research study and ensures that it proceeds in the right direction (Somasundaram, 2022). As a result, the importance of research design cannot be over emphasized as it ensures that all research activities are recorded and plays a critical role in mitigating research controversies as (Patton, 2022) opines that research disputes are normally about the methods adopted to arrive at the findings and not the findings.

However, Kothari (2004) emphasizes the importance of exercising care in the preparation of a research design and warns of massive negative implications should an error occur. Consequently, Saunders, Lewis and Thornhill (2008) cited in Saunders et al. (2009) developed the research-process onion clearly articulating all the stages critical to the development of a good research design. Therefore, the preparation of this research design was guided by the research-process onion as demonstrated in figure 3.1 below:

Figure 3.1

The Research-process Onion



Note: Adapted from The research „onion", by Saunders, Lewis and Thornhill (2008) cited in Saunders et al., 2009, p. 138

3.3.1 Research Philosophy

Research philosophy is associated with knowledge development as well as the nature of the knowledge and involves critical suppositions relating to the perspective a researcher views the world (Saunders et al., 2009). Moreover, research philosophy plays a critical role in informing strategic and methodical choices in the entire research process. Consequently, Cameron (2011) cited in Maarouf (2019) emphasizes the importance of clearly stating a researcher‟s philosophical position in order to be able to justify methodological choices. Consequently, research philosophy can be view from three perspectives: ontology, epistemology and axiology (Saunders et al., 2009). Moreover, ontology is concerned about the nature of reality and could be view from two standpoints: objectivism and subjectivism (Saunders et al., 2009).

Furthermore, objectivism contends that social entities exist outside of their social actors and in reality whereas subjectivism holds that social actor‟s perceptions and actions influence the creation of social phenomena (Saunders et al., 2009). Moreover, epistemology is concerned about what forms acceptable knowledge in a field of study and could be viewed from two perspectives: positivism and interpretivism (Saunders, 2009). Consequently, positivism involves working with observable social reality similar to those in physical and natural science whereas interpretivism advocates the necessity of understanding the difference between humans in their role as social actors (Saunders et al., 2009).

Furthermore, axiology is concerned about the role researcher‟s values play in the entire research process as well as its importance in improving the credibility of a study (Saunders et al., 2009). Moreover, Saunders et al. (2009) emphasizes the importance of the researcher‟s values in a study and contend that it informs the researcher‟s choices about the nature and design of a research study as well as the appropriate ethical considerations.

Furthermore, research philosophy is summarized into four categories in the research-process onion: “positivism, realism, interpretivism and pragmatism” (Saunders et al. 2009, p. 108). Moreover, positivism is associated with objective ontology and quantitative research methodology. In contrast, interpretivism is associated with subjective ontology and qualitative research methodology (Saunders et al., 2009). Moreover, realism is a philosophical standpoint similar to positivism and associated with scientific enquiry (Saunders et al., 2009). Additionally, all the three philosophical perspectives are associated with a single methodology (quantitative or qualitative).

However, the emergency of the mixed methods research methodology resulted in a philosophical debate regarding the appropriate philosophical perspective relevant to the methodology. Consequently, according to Maarouf (2019) pragmatism emerged as a justification for the mixed methods research methodology. Moreover, Saunders et al. (2009) assert that pragmatism argue that a research question is critical in influencing the choice of ontology, epistemology and axiology. Additionally, it is concerned about “what works” and provides flexibility to all available options that enable a researcher to design and conduct a study in a way that serves to answer a research question (Maarouf, 2019).

However, Maarouf (2019) notes that pragmatism has been heavily criticized by a number of researchers as a philosophical justification of mixed methods research and as a philosophy in general. Consequently, a study conducted by the author attempted to overcome the criticism associated with pragmatism through conceptualization of ontological, epistemological and axiological positions in a way that combines quantitative and qualitative paradigms as two integrated and not conflicting philosophies. As a result, the reality cycle, double-faced knowledge and bias principle were found to address the criticism.

Consequently, the reality cycle aims to address the ontological stance of pragmatism philosophy which had attracted significant criticism from a number of researchers on how a pragmatic researcher moves from an objective to a subjective stance in the same study (Maarouf, 2019). Moreover, the reality cycle allows a pragmatic researcher to work from a position that is located in the middle of objectivity and subjectivity, and to acknowledge that there is one reality and a number of perceptions about that reality in a social actor‟s mind (Maarouf, 2019).

Additionally, the double faced knowledge aims to address the epistemological stance of pragmatism philosophy and allows the researcher to accept all knowledge irrespective of whether it is observable or unobservable as long as it aligns with his or her ontological position and serves the research objectives (Maarouf, 2019). Moreover, the necessity bias principle allows a researcher to be bias to a certain degree in order to improve his or her research study and ensure that research questions are answered (Maarouf, 2019).

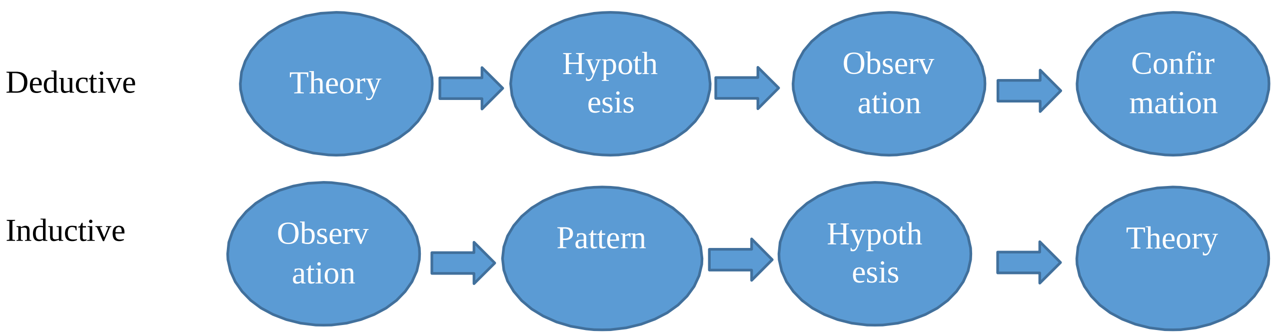
Therefore, in line with the research purpose, objectives and questions pragmatism research philosophy was adopted for this study. Moreover, this philosophical perspective was deemed appropriate as the study aims to draw comments from both sides of the credit system through the collection of both quantitative and qualitative data. Additionally, the research question cannot be answered by a single methodology as it seeks to gain a better understanding of the research problem through triangulation.

3.3.2 Research Approaches

Research approaches play an integral role in a research study irrespective of the field and are critical in informing the development of an appropriate research design as well as the choice of research strategies (Easterby-Smith et al., 2008 cited in Saunders et al., 2009). Consequently, there are two research approaches: “deductive and inductive” (Saunders et al., 2009, p.108). Moreover, the distinction between the two research approaches is clearly articulated in figure 3.2 below:

Figure 3.2

Deductive and Inductive Approaches



Note: Adapted from Deductive Vs Inductive, by Burney and Saleem, 2008, p.6

Additionally, the deductive approach is a highly structured approach and associated with theory development process whereby the theory undergoes meticulous tests (Saunders et al., 2009). Moreover, it involves the formation of research hypothesis that are tested to establish the relationship between variables (Saunders et al., 2009). Consequently, deductive approach involves the collection of quantitative data through a large sample size (Saunders et al., 2009).

In contrast, according to Saunders et al. (2009) inductive approach is a less structured approach that allows more flexibility and less concerned about generalizability of the study findings. Additionally, this approach involves the collection of qualitative data and enables a deeper understanding of a research problem (Saunders et al., 2009). Moreover, the inductive approach allows theory to be developed from the data collected.

However, Saunders et al. (2009) warns that creating an impression that the two approaches are inflexible or mutual exclusive would be fallacious or misleading. As a result, combining the two approaches in a single study is possible and advantageous (Taherdoost, 2022). Similarly, according to Creswell (2014) mixing two methods enhance a stronger understanding of a research question or problem through capitalizing on the strengths of both approaches and overcoming their weaknesses.

Therefore, in line with the research purpose, objectives and questions both deductive and inductive approaches were adopted in this study. Moreover, combining the two approaches was deemed appropriate for this study as it aims to draw comments from both sides of the credit system through the collection of both quantitative and qualitative data. Additionally, the research question cannot be answered through the adoption of a single research approach.

3.3.3 The Research Purpose

The research purpose plays an important role in a research study and critical in informing the choice of an appropriate research strategy. Moreover, according to Saunders et al. (2009, p. 139 - 141) research purpose may be classified into three types: “exploratory, descriptive and explanatory”. However, the Saunders et al. (2009) warn that the research purposes are not mutual exclusive and could be combined in a research study such as descriptive and explanatory research.

Consequently, according to Saunders et al. (2009) exploratory research is appropriate in a study that seeks new insights into a phenomena or clarity in understanding a research problem. Moreover, this research purpose could be achieved through literature search, subject expert interviews and group interviews (Saunders et al., 2009). Additionally, Saunders et al. (2009) assert that this research purpose offer flexibility. However, Adams and Schvaneveldt (1991) cited in Saunders et al. (2009) warns that such flexibility should not be construed as lack of direction. Moreover, according to Saunders et al. (2009) descriptive research purpose is appropriate where an accurate description of phenomena is the objective of a study. Consequently, Robson (2002) cited in Saunders et al. (2009) contends that portraying an accurate profile of persons, events or situations is the objective of descriptive research purpose.

However, Saunders et al. (2009) warns that accurate description of phenomena is not enough hence it should be considered as a means to an end rather than an end in itself. Furthermore, according to Saunders et al. (2009) explanatory research is appropriate where a study seeks to establish relationship between variables. However, an accurate description of persons, events or situations that lead to the establishment of the relationship between variables is crucial in enhancing validity of findings (Saunders et al., 2009). Consequently, Saunders et al. (2009) recommends the use of descripto-explanatory studies where descriptive research is used as a precursor to explanatory research.

Therefore, in line with the purpose, objectives and questions this study is grounded in descripto-explanatory research hence both descriptive and explanatory research purposes were adopted. This approach was deemed appropriate as the objective of the study is to establish relationship between variables. However, an accurate description of the characteristics of the study population is critical in enhancing the validity of the study findings.

3.3.4 Research Strategies

Research strategies form an integral part of a research process and imperative in ensuring that research questions are well answered and research objectives achieved (Saunders et al., 2009). Moreover, a number of research strategies are available and could be used for all research purposes: "exploratory, descriptive and explanatory". Consequently, Saunders et al. (2009, p. 141 - 150) contend that there are seven different research strategies: "experiment, survey, case study, action research, grounded theory, ethnography and archival research". Moreover, according to Saunders et al. (2009) experiment strategy is appropriate where the objective of a study is to establish causality or links between variables to determine whether a change in one variable causes a change in the other.

Additionally, this strategy is associated with natural sciences and normally conducted in laboratories (Saunders, et al., 2009). Furthermore, experiment strategy requires greater control over certain aspects of the research process such as the conditions within which the experiment occurs as well as the selection of the sample (Saunders et al., 2009). Consequently, according to Saunders et al. (2009) experiment strategy involves the establishment of two groups with members of each group assigned randomly. Moreover, the experimental group is manipulated whilst the control group is not manipulated, comparison done before and after the manipulation (Saunders et al., 2009). However, this strategy would not be appropriate for business and management research (Saunders et al., 2009).

Furthermore, according to Saunders et al. (2009) survey strategy is a popular research strategy used to collect large quantities of data through structured questionnaires administered to a sample. Moreover, survey strategy also allows data to be collected through structured interviews and structured observations.

Additionally, this strategy is usually associated with the deductive research approach and the quantitative research methodology (Saunders et al., 2009). Furthermore, Saunders et al. (2009) contend that survey strategy is popular in business & management research and appropriate where the research objectives require establishing relationship between variables. Moreover, according to Saunders et al. (2009) case study strategy is appropriate where the research objectives require an empirical investigation of a current phenomenon within its real context. Additionally, this strategy is often used in exploratory and explanatory research, and involves the use of a combination of data collection tools including interviews, observations, documentary analysis and questionnaires (Saunders et al., 2009).

Furthermore, according to Saunders et al. (2009) action research strategy is appropriate where the objectives of a study are to resolve organizational issues and involves the engagement of internal or external research practitioners in a collaborative partnership. Moreover, this strategy emphasizes an interactive process of diagnosing, planning, taking action, evaluation and involves the collection of data & facilitation of change at the same time (Saunders et al., 2009). Moreover, according to Saunders et al. (2009) grounded theory strategy emphasizes theory development & building, associated with both inductive and deductive research approaches. Additionally, in grounded theory data collection begins without the development of a theoretical framework and theory developed from a number of observations (Saunders et al., 2009).

Furthermore, according to Saunders et al. (2009) ethnography strategy is appropriate where the objectives of a research study are to describe and explain a social world where research participants live and requires the researcher to completely immense himself or herself to the environment being studied. Moreover, this strategy has to be undertaken over an extended period hence associated with longitudinal time horizon (Saunders et al., 2009).

Additionally, Saunders et al. (2009) contends that ethnography is associated with inductive approach and not common in business research. Furthermore, according to Saunders et al. (2009) archival research involves the use of administrative data and documents as the main source of data. Moreover, this strategy is appropriate for all research purposes and appropriate in answering research questions focusing in the past and changing over time (Saunders et al., 2009). However, according to Saunders et al. (2009) no research strategy is superior or inferior to the others but are all appropriate for specific purposes and could be combined in a single study where it is deemed appropriate because they are not mutual exclusive.

Therefore, in line with the research purpose, objectives and questions the survey research strategy was adopted in this study. Moreover, this approach was deemed appropriate as this study aimed to collect both quantitative and qualitative data through structured questionnaires administered to a sample and semi structured interviews. Additionally, this study is grounded in the pragmatism research philosophy and combines both inductive & deductive research approaches. Additionally, the study is cross sectional hence it was conducted within a specified timeline.

3.3.5 Research Choice or Methodology

Research methodology plays an important role in a research process and critical in informing the choice of data collection techniques or tools. Moreover, Kothari (2004, p. 8) defines research methodology as “a way to systematically solve the research problem”. Consequently, there are three types of research methodologies: “quantitative, qualitative and mixed methods methodology” (Creswell, 2014; Saunders et al., 2009).

Moreover, quantitative research involves the collection of numerical data through questionnaires administered to a sample selected through random sampling techniques and appropriate where generalization on statistical grounds is the objective (Saunders et al., 2009). Additionally, this methodology allows analysis of data collected to be done through descriptive and inferential statistics (Saunders et al., 2009). Consequently, quantitative methodology requires an accurate and up to date sampling frame (Saunders et al., 2009). In contrast, qualitative research methodology involves the collection of non-numerical data through interviews conducted with a small sample normally selected through non probability sampling designs and concerned with the assessment of attitudes, behavior and opinions (Kothari, 2004; Saunders et al., 2009). Moreover, this methodology is associated with interpretivism research philosophy, induction research approach, exploratory research purpose and survey research strategy (Saunders et al., 2009).

However, mixed methods methodology involves the use of both quantitative and qualitative research methodologies in the same study (Creswell, 2014; Saunders et al., 2009). Consequently, this methodology involves the collection of both numerical and non-numerical data. Moreover, mixed methods research allows a study to capitalize on the strengths of each methodology and overcome their weaknesses, and enhance a stronger understanding of a research problem or question (Creswell, 2014). Additionally, mixed methods research plays a critical role in enhancing the validity of study findings through corroboration of the results using triangulation (Saunders et al., 2009). Moreover, this methodology is associated with pragmatism research philosophy, a combination of both inductive & deductive research approach and survey research strategy (Saunders et al., 2009).

Consequently, there are five mixed methods designs: “convergent design, explanatory sequential design, exploratory sequential design, embedded design and multiphase design” (Wisdom & Creswell, 2013, p. 2 - 3). Furthermore, convergent design involves the collection of both quantitative and qualitative data at the same time (parallel) with both methodologies given equal weighting, analyzing the data separately and comparing the results (Creswell, 2014; Saunders et al., 2009). Moreover, according to Creswell (2014) explanatory sequential design is appropriate for researchers with strong quantitative background and involves the collection of quantitative data, analyzing the data and using the results to plan the qualitative stage.

Consequently, this design aims to utilize qualitative results to explain the quantitative results in detail (Creswell, 2014; Doyle, Brady & Byrne, 2009). In contrast, exploratory sequential design depicts a reverse or opposite of explanatory sequential design and involves the collection of qualitative data, analyzing the data and using the results to plan the quantitative phase (Creswell, 2014; Doyle et al., 2009). Moreover, this design enhances the development of appropriate instruments that fit the sample and population under study and may also develop new variables (Creswell, 2014).

Therefore, in line with the research purpose, objectives and question the mixed methods research convergent design was adopted in this study. Moreover, this methodology was deemed appropriate for this study as it aimed to gain a stronger understanding of the research problem through triangulation and the research problem cannot be answered with a single methodology. Consequently, this study aimed to collect both quantitative and qualitative data at the same time or parallel, analyze the data separately and compared the results. Moreover, background research was conducted and revealed that enough data was available and the researcher was well capacitated to deal with the requirements of both methodologies.

3.3.6 Time Horizons

Time horizons constitute an important element of a research study irrespective of the research strategy & methodology adopted and critical in planning a research study in terms of time resources as different horizons have different requirements. Moreover, according to Saunders et al. (2009, p. 155) there are two research time horizons: "cross-sectional and longitudinal". Consequently, cross-sectional studies involve studying a certain phenomenon within a specific time and appropriate for academic research as they are time constrained (Saunders et al., 2009). Moreover, cross-sectional studies are in most cases associated with descriptive & explanatory research purpose and survey research strategy. In contrast, longitudinal studies are appropriate where the objective of a study is to determine change or development over time (Saunders et al., 2009).

Therefore, in line with the research purpose, objectives and questions cross-sectional time horizon was adopted for this study. Moreover, this horizon was deemed appropriate as this study constitutes an academic research hence had to be conducted within specific timelines and establishing changes overtime was not an objective.

3.4 Population and Sample of the Research Study

A study population is fundamental in research irrespective of the discipline and research design adopted, and defined as all items or cases to be considered in a research (Kothari, 2004; Saunders et al., 2009). Moreover, a study population provides the main source of data and without it research is impossible. However, conducting a census is not feasible in many instances because of time & resources and sampling becomes important which involves selecting a subset of the population (Makwana, Engineer, Dabhi & Chudasama, 2023). Additionally, Makwana et al. (2023) contends that sampling is crucial in improving the accuracy of study results.

Consequently, MSMEs in Mbabane and six financial institutions comprising four banks (Nedbank, Standard Bank, First National Bank and Eswatini Bank) and two development finance institutions (FINCORP and IDCE) constitute the target population for this study. Moreover, this population was deemed appropriate because Mbabane is the capital city of the Kingdom of Eswatini and has the second largest number of MSMEs in the country after Manzini. Additionally, the head offices of all the six financial institutions are located in the city and that is where the final decisions to award credit are taken.

Futhermore, in order to ensure that the study was conducted in an ethical sound manner permission was sought from the Municipality of Mbabane to work with all MSMEs falling within their jurisdiction together with a list of all MSMEs in the city which was going to form the sampling frame for the study. Consequently, such permission was granted on the 22nd of May 2022 together with the list of all MSMEs in the city. Moreover, the Municipality of Mbabane is a huge institution in the city with a sound organizational structure. As a result, the sampling frame was deemed reliable, accurate and up to date.

Moreover, the list revealed that there were 566 MSMEs in Mbabane and based on that figure an optimal sample size of 188 MSMEs was determined following UNICAF University requirement of 1/3 of the target population. Additionally, the list revealed that MSMEs in city operated in different sectors: manufacturing, construction, hotels & restaurant, wholesale & retail and services. Therefore, probability sample design and stratified random sampling approach were adopted and deemed appropriate in ensuring the representativeness of the target population. Furthermore, sample items or cases were selected from each stratum using simple random technique, online number generator and sampling with replacement.

Moreover, this approach was very important in ensuring that all cases or items in the sampling frame had an equal opportunity of being selected. Additionally, this approach was also very important in ensuring accuracy and improved quality of the sampling results, as well as making sure that the principle of randomization was maintained. Significantly, the sampling process involved perusing through the entire sampling frame in order to ensure that the list was numbered correctly for each stratum and MSMEs arranged in an alphabetical order. Additionally, in the online number generator all cases or items were numbered from zero to the last number in each stratum, the sample size captured and the sampling process performed. Moreover, the results of the sampling process were then printed and kept in a safe filing cabinet accessible to only the researcher.

Futhermore, the results were linked to the relevant MSMEs in the sampling frame, the sample list prepared in Microsoft Word, printed and filed in a safe filing cabinet accessible to only the researcher. Additionally, only owners or manager with a better understanding of the financial affairs of the business were requested to participate from MSMEs. Moreover, this approach was very important in ensuring improved data quality. Consequently, the target population for MSMEs and the process of determining the sample size through stratified random sampling approach is well demonstrated in table 3.1 below:

Table 3.1

Population and Sample

Category	Population	Sample	Sampling method
Wholesale/Retail	137	45	Stratified random
Hotel/Restaurants	51	17	Stratified random
Construction	58	19	Stratified random
Manufacturing	15	5	Stratified random
Services	305	102	Stratified random
Total	**566**	**188**	

In contrast, non probability sampling design was adopted in selecting the study sample for the financial institutions. As a result, all financial institutions were purposively requested to participate in the study. Moreover, only the heads of the MSME department were requested to participate in the study. Consequently, this approach was very important in ensuring that participants possessing appropriate information relevant in answering the research questions were selected. Additionally, this approach was very important in ensuring improved data quality.

Furthermore, choosing an appropriate target population where a study is to be conducted as well as the determination of an optimal sample size & selecting the right sample is not an easy task and involves a deep understanding of the relevant concepts (population, sampling designs & techniques). As a result, such level of understanding as extensively demonstrated in the following text of the thesis became imperative in informing the choices made above. Consequently, the word population does not only refer to people but all study items or cases which may not be human beings in some cases (Saunders et al., 2009; Walliman, 2011).

However, Shukla (2020) notes that the words population and universe are in some cases used interchangeable and emphasizes the importance of differentiating them. Moreover, Kothari (2004, p. 14) contends that “All the items under consideration in any field of inquiry constitute a universe or population”. Consequently, Shukla (2020) defines universe as all units possessing variable characteristics under study whereas population refers the units where the research findings would be applied. Additionally, Shukla (2020, p. 2 - 3) emphasizes the importance of understanding the different types of population and highlights eight different types: “finite and infinite, homogeneous and heterogeneous, existent and hypothetical, and known and unknown”.

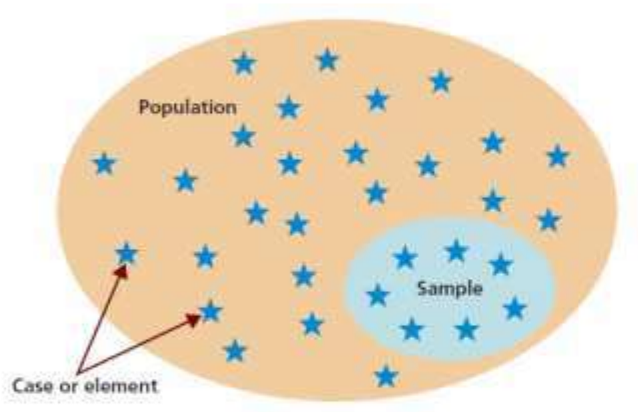
Moreover, finite population refers to a population where the number of cases or items can be counted precisely whereas infinite refers to the population where cases or items cannot be precisely counted (Shukla, 2020). Additionally, according to Shukla (2020) homogeneous refers to a population where cases or items have similar characteristics whereas heterogeneous refers to a population where items have different characteristics. Moreover, existent refers to a population where cases or items have physical existence whereas hypothetical refers to a population where the existence of cases or items is assumed through statistical methods (Shukla, 2020).

Additionally, known refers to a population where statistical measurement of cases is known whereas unknown refers to a population where the parameter of cases cannot be easily calculated (Shukla, 2020). Therefore, understanding the concept of population is imperative in research as it informs the entire research process. Consequently, Shukla (2020) emphasizes the importance of clearly defining a study population prior to the start of research activities. Similarly, Liu (2021) asserts that clearly defining a population in a study of interest is critical. As a result, a distinctly defined population is vital in ensuring that a representative sample is selected (Liu, 2021; Shukla, 2020).

Consequently, Makwana et al. (2023) note that despite the importance of clearly defining the population, conducting a census is impossible in most cases due to a number of constraints such as time, money, access, and sampling becomes an alternative. Moreover, Makwana et al. (2023) defines sampling as selection of a representative subset or small group of a study population and well demonstrated in figure 3.3 below:

Figure 3.3

Population, Sample and Individual Cases



Note: Adapted from Population, sample and individual cases, by Saunders et al., 2009, p. 211

Consequently, sampling plays a critical role in quantitative research in ensuring generalizability of study findings to a target population (Dawson, 2002). Moreover, Shukla (2020) contends that a study sample plays an integral role in ensuring the success of a research and reliability of its findings. Similarly, Makwana et al. (2023, p. 762) assert that "The accuracy of a study is heavily influenced by the process of Sampling". Consequently, Dawson (2002) warns that non representative samples cannot be used to make generalizations. As a result, ensuring that a sample is selected carefully becomes imperative particularly in quantitative research as observed by (Dawson, 2002, p. 48) that "If the sample has not been chosen very carefully, the results of such surveys can be misleading".

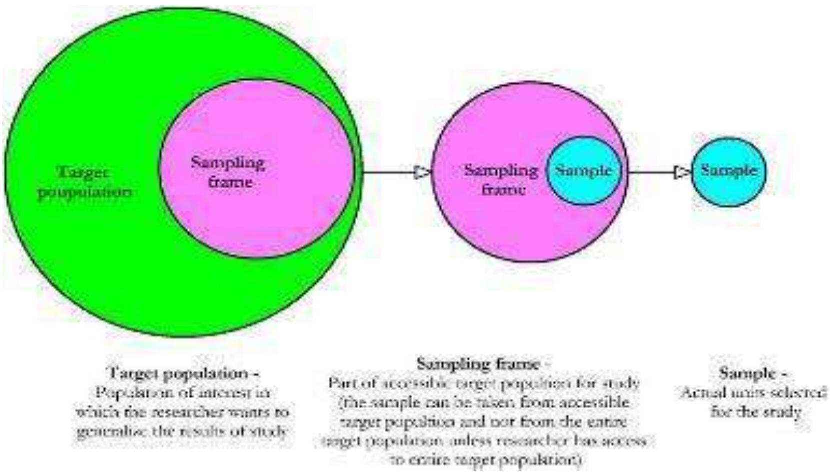
Consequently, a deeper understanding of sampling designs is important in ensuring that a representative sample is selected, moreover, there are two sampling designs: "probability and non-probability" (Kalton, 2023, p. 1; Makwana et al., 2023, p. 763). Furthermore, probability sampling design involves the use of approaches or methods where all cases in a population have an equal chance of being selected and appropriate where generalizations on statistical ground is the goal (Dawson, 2002; Saunders et al., 2009; Walliman, 2011). Consequently, according to Makwana et al. (2023) the chance of an item to be chosen for inclusion in the sample is preset.

Additionally, Walliman (2011) contends that probability sampling use random methods of selecting a sample. As a result, they are called random and representative sampling, and regarded as the best approach to select a representative sample (Kothari, 2004; Saunders et al., 2009). Consequently, according to Saunders et al. (2009) probability sampling is often associated with survey and experimental research strategies. Moreover, this sampling design requires a sampling frame that is complete, accurate and up to date (Saunders et al., 2009).

Moreover, Saunders et al. (2009) emphasize the importance of ensuring validity and reliability of a sampling frame and warn that an incomplete or inaccurate sampling frame may compromise the representativeness of a sample and lead to criticism of study findings. Additionally, Saunders et al. (2009) assert that in the absence of an existing list of cases the researcher could develop his or her own sampling frame however it is important that such a list is valid and reliable. Consequently, Saunders et al. (2009); Walliman (2011) define a sampling frame as a list of all items or cases in a population where a sample will be selected and well demonstrated in figure 3.4 below:

Figure 3.4

Sampling Process



Note: Adapted from Sampling Process, by Akhouri, 2022, p.1

Furthermore, determining a sample size is one of the critical phases of a sampling process in probability sampling. Moreover, according to Dawson (2002) it is a general rule that a large sample size results in more accurate findings. Similarly, Saunders et al. (2009) contend that a large sample size helps in reducing generalization errors to the study population. However, Dawson (2002) argues that a sample size is influenced by the type of research and how the results will be used. Consequently, large sample sizes are required for large scale quantitative surveys compared to small qualitative research (Dawson, 2002).

However, Stutely (2003) cited in Saunders et al. (2009) contends that as a rule of thumb a minimum sample size of 30 should be used where statistical analysis are required. As a result, where the sample population is less than 30 cases and statistical analysis is required a census must be performed (Stutely, 2003 cited in Saunders et al., 2009). However, according to Dawson (2002); Saunders et al. (2009) in determining an appropriate sample size a researcher should consider the amount of time and money he or she has which would have a massive influence on the optimum sample size to be selected.

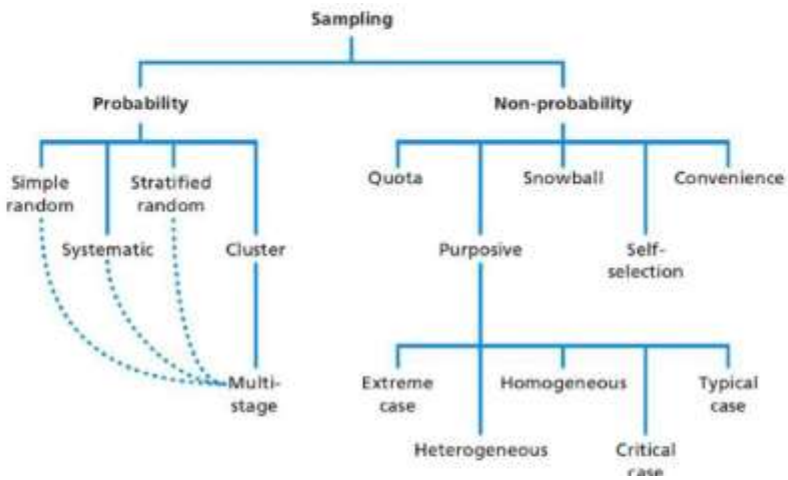
Moreover, there are a number of statistical formulas appropriate in determining an optimum sample size. However, Yamane (1964) formula is the most common formula adopted by a number of researchers. Moreover, according to Kumar (2019) this formula is appropriate where the population size is known and articulated as follows: $n = N/1+N(e)^2$ with n representing sample size, N representing population size and e representing margin of error. However, UNICAF University requires at least 1/3 of the population.

Furthermore, non-probability sampling involves the selection of a sample through non random sampling methods and based on the researcher‟s subjective judgment (Makwana et al., 2023). Moreover, this sampling design is appropriate in studies where generalization on statistical ground is not the goal (Dawson, 2002; Saunders et al., 2009). Additionally, in non-probability sampling design the sample size is not predetermined but influenced by data saturation (Makwana et al., 2023). Moreover, Saunders et al. (2009) emphasize the importance of choosing an appropriate sampling technique that will ensure representativeness of a sample after choosing an appropriate sampling frame and determining an optimum sample size.

Consequently, in both probability and non-probability sampling designs there are a number of sampling methods or techniques (Makwana et al, 2023). Moreover, according to Saunders et al. (2009, p. 763) there are five probability sampling techniques: “simple random, systematic, stratified random, cluster and multi-stage”, and five non-probability sampling techniques: “quota, purposive, snowball, self-selection and convenience”. Consequently, these techniques are well demonstrated in figure 3.5 below:

Figure 3.5

Sampling Techniques



Note: Adapted from Sampling techniques, by Saunders et al., 2009, p. 213

Furthermore, simple random sampling involves the utilization of online random number generators among other methods to select a random sample from a sampling frame (Saunders et al., 2009). Moreover, this technique requires the researcher to number all cases starting from zero and randomly selecting cases until the sample size is reached (Saunders et al., 2009). Additionally, simple random sampling is appropriate where an accurate and easily accessible sampling frame is available and stored in a computer (Dawson, 2002; Saunders et al., 2009).

Moreover, Kumar (2011, p. 185) contends that random sampling of cases can be performed using two different systems: "sampling without replacement or sampling with replacement". Consequently, sampling without replacement means that a selected case is not replaced in the sampling frame which effectively reduces the total number of cases in the sampling frame hence compromising the definition of randomization as it fails to afford all cases equal chances of being selected (Kumar, 2011). However, sampling with replacement ensures that all cases in a sampling frame are afforded an equal chance of being selected in line with the definition of randomization (Kumar, 2011).

Moreover, sampling with replacement means that a selected case is replaced into the sampling frame however where it is selected again it is discarded and the next case selected (Kumar, 2011). Additionally, Kumar (2011) contends that where the sampling frame is large chances of selecting the same case are slim. Furthermore, according to Kumar (2011) systematic sampling involves the selection of a sample at different intervals or every *i*th item on a list and requires numbering of all cases in a sampling frame starting from zero, calculating the sampling fraction and selecting the first case randomly. Moreover, the sampling fraction is calculated using the following formula: sampling fraction = actual sample size/total population (Kumar, 2011).

However, according to Kothari (2004) systematic sampling is not random sampling in a strictest sense however considered reasonable to be treated as random sampling as it can be regarded as an improvement to simple random sampling. Moreover, systematic sampling is easier, cheaper and convenient in selecting a sample from a large sampling frame (Kothari, 2004). However, Kothari (2004) warns that systematic sampling may prove to be inefficient where there is hidden periodicity. Furthermore, stratified random sampling technique involves dividing the study population into different strata and selecting a sample from each stratum using simple or systematic random sampling technique (Saunders et al., 2009).

Moreover, this technique is appropriate where the study population possess different attributes or characteristics such business sector or industry in MSMEs. Consequently, stratified random sampling ensures that all attributes of the study population are proportionally represented in the sample (Creswell, 2014). Additionally, Kothari (2004) asserts that this technique results in more reliable and detailed information.

Furthermore, Saunders et al. (2009) contends that stratified random sampling technique possesses advantages and disadvantages of both simple and systematic random sampling techniques. However, this technique is more expensive, time consuming and difficult to explain compared to simple and systematic random sampling techniques (Saunders et al., 2009). Additionally, Dawson (2002) warns that stratified random sampling requires careful planning and accurate sampling frame. Moreover, cluster sampling technique involves dividing a study population into small clusters, selecting a sample from each of the selected clusters and appropriate where the area of interest is large geographically or otherwise (Kothari, 2004; Kumar, 2011; Saunders et al., 2009).

Consequently, Saunders et al. (2009) assert that where this technique is adopted the list of clusters constitute a sampling frame and not the individual cases. Additionally, this technique is similar to stratified random sampling and involves choosing cluster grouping from the sampling frame, numbering each cluster starting from 0 and selecting a sample using simple or systematic random sampling techniques (Saunders et al., 2009). Moreover, Babbie (2007) cited in Creswell (2014) contend that cluster sampling is appropriate where sampling frame is not available. Furthermore, Dawson (2002) asserts that this technique is cost effective however choosing clusters requires massive care. Additionally, Kothari (2004); Saunders et al. (2009) warn that cluster sampling is less precise compared to random sampling.

Moreover, according to Saunders et al. (2009) multi-stage sampling technique is an improvement to cluster sampling and appropriate where a study population is dispersed and constructing a sampling frame is costly and time consuming. Additionally, Saunders et al. (2009) note that this technique uses a number of sampling frames hence their appropriateness and availability ought to be ensured.

Moreover, Kothari (2004) contends that multi-stage sampling technique is easier to administer compared to a single stage. Furthermore, according to Saunders et al. (2009) quota sampling technique is a non-probability sampling and involves dividing a study population into groups, calculating a quota for each group, stating the number of cases in each quota where data must be collected and combining data collected to form a sample. Moreover, this technique is appropriate where the study population is huge and sampling frame is not available (Saunders et al., 2009). Additionally, quota sampling is cost effective, convenient, easy to set up and appropriate where data ought to be collected quickly (Kothari, 2004; Kumar, 2011; Saunders et al., 2009).

Moreover, Kumar (2011) contends that this technique ensures that cases required by the researcher are selected. Consequently, according to Saunders et al. (2009) this technique is commonly used in interview surveys. However, Kothari (2004); Kumar (2011) warn that findings from quota samples cannot be generalized to the study population. Furthermore, purposive or judgmental sampling technique is non-probability sampling and allows the researcher to make his or her own judgment in selecting a sample capable of answering research questions and meeting its objectives (Kumar, 2011; Saunders et al, 2009). Moreover, Kumar (2011) asserts that a researcher identifies and approach participants deemed to be in possession of the information required for a study.

Additionally, according to Saunders et al. (2009) snowball sampling technique is a non-probability sampling and involves making contact with one or two cases and requesting these cases to identify other cases until saturation point is reached or no new cases are identified. Moreover, this technique is appropriate where identifying members of a target population is not easy and little is known about an organization or study population (Saunders et al., 2009).

Additionally, Kumar (2011) contends that snowball sampling technique is suitable in studying communication patterns, decision making or diffusion of knowledge within a group. However, Dawson (2002) warns that these technique leads to bias as cases identify other cases similar to themselves leading to a homogeneous sample. Additionally, according to Kumar (2011) snowball sampling technique is not appropriate where the sample is huge. Furthermore, according to Saunders et al. (2009) self-selection is a non-probability sampling technique and involves publicly inviting cases to participate in a study and collect data from those who show their desire to participate. Moreover, this technique is sometimes referred to as volunteer sampling (Mohsin, 2016).

Additionally, according to Mohsin (2016) self-selection sampling technique is cost and time effective, and allows a researcher to collect huge amount of data with less time and effort. However, this technique is prone to systematic errors, lack of representativeness of target population and generalizability of study results is compromised (Mohsin, 2016). Furthermore, convenience sampling technique is a non-probability sampling and involves selecting cases that are easy to reach, and the sampling process continues until sample size is reached. Moreover, this technique is sometimes referred to as accidental sampling and popular in market research (Kumar, 2011).

3.5 Materials/Instrumentation of Research Tools

Data collection forms an important component of a research process and critical in defining the success of a research study in all disciplines. Moreover, the data collection process enables a researcher to collect data required to answer the research questions and meet the objectives of the study (Annum, 2020). Consequently, according to Kabir (2016) failure to collect data needed in a research study could compromise its completion regardless of having developed the best research design for the study. As a result, Abawi (2014) emphasizes the importance of ensuring that data is collected accurately and systematically in scientific research.

However, according to Taherdoost (2021, p. 12) there are two types of data: “primary data and secondary data”. Moreover, primary data involves the collection of original data afresh that have not been manipulated or changed by other people and not published whereas secondary data refers to data that has already been collected by someone else, processed and documented (Taherdoost, 2021). Additionally, according to Walliman (2011) primary data is more reliable or thruthful due to its closeness to the event, in contrast, secondary data is less reliable. As a result, understanding the distinction between the two types of data is imperative as it has a massive impact on the choice of data collection tools.

Moreover, according to Taherdoost (2021) the data collection tools used to collect primary data differ from those used to collect secondary data due to the nature of the data being collected. Consequently, Annum (2020) asserts that choosing an appropriate data collection tool or technique is imperative in ensuring that the purpose of the study is served. Additionally, the appropriateness of a data collection tool is paramount in influencing the validity and reliability of a research study (Annum, 2020). As a result, at UNICAF University all data collection tools require the approval of UREC.

Furthermore, according to Taherdoost (2021, p. 11) data could also be categorized into "quantitative data and qualitative data". Moreover, quantitative data refers to numerical data whereas qualitative data refers to non-numerical data (Taherdoost, 2021). Consequently, there are a number of data collection techniques or tools suitable for different research methodologies: "questionnaire, interview, observation, reading and transcribing" (Annum, 2020). Moreover, questionnaires and interviews are the most appropriate & popular techniques used in collecting primary data whereas document analysis adopted in collecting secondary data. Additionally, questionnaires are more popular in studies where the study objectives require the collection of quantitative data whereas interviews are popular in collecting qualitative data (Saunders et al., 2009).

Similarly, Kothari (2004, p. 101) emphasizes the importance of questionnaires in survey research and contends that "Quite often questionnaire is considered as the heart of a survey operation". Moreover, according to Walliman (2011) a questionnaire has a number of advantages in data collection and they are flexible, easy & convenient to participants, cheap & easy to administer to large sample. However, Annum (2020, p. 2) contends that a questionnaire can be classified into two categories: "structured and unstructured". Moreover, structured a questionnaire consists of predetermined or formulated questions structured in the same sequence and wording whereas unstructured questionnaire does not consist of the characteristics of a structured questionnaire (Annum, 2020).

Furthermore, according to Taherdoost (2021, p. 14) questionnaires are also categorized with reference to the structure or design of their questions: “closed ended or open ended”. Moreover, closed ended questions require participants to choose one answer from a set of answers provided by the researcher whereas open ended questions allow participants the liberty to answer questions in their own words (Taherdoost, 2021). Additionally, Dawson (2002) contends that closed ended questionnaires are associated with the collection of quantitative data whereas open ended questionnaires are associated with the collection of qualitative data. Significantly, according to Kothari (2004) the design of a questionnaire requires massive attention if its effectiveness in collecting appropriate data is to be ensured.

Similarly, Walliman (2011) asserts that designing and developing a questionnaire requires a lot of time and expertise. Additionally, Sreejesh et al. (2014) contends that designing a questionnaire is critical in research and a well-designed questionnaire allows a researcher to collect appropriate data from research participants. Consequently, Kothari (2004) discusses the key essentials of a well-designed questionnaire and asserts that it should be simple and short, start with easy questions and end with more difficulty ones, technical terms or jargons should be avoided, should provide for uncertainty answers, should avoid prestige questions, should provide adequate instructions on how it should be completed and should possess an attractive physical appearance.

Similarly, Dawson (2002) asserts that the questionnaire should possess easy and simple questions, double barrel and ambiguous questions should be avoided and questions causing discomfort should be avoided. Moreover, making sure that a data collection instrument is sound or effective is imperative and critical in ensuring validity and reliability of research data (Annum 2021).

Consequently, according to Dawson (2002) validity and reliability are highly recognized as important factors in quantitative data analysis. Additionally, Babbie (2010) contends that more attention should be directed to the issues of validity and reliability during the construction of data collection instruments in social science research. Similarly, Annum (2020, p. 1) emphasizes the importance of validity and reliability of a data collection instrument and asserts that "Essentially the researcher must ensure that the instrument chosen is valid and reliable". Consequently, validity refers to the extent to which a data collection instrument measures what it purports to measure whereas reliability refers to the consistence of a data collection instrument or its ability to produce the same results over and over again (Changwesha, 2019; Idigo, 2021).

Moreover, testing the validity of a questionnaire requires the consideration of four types of validity: "face validity, content validity, criterion-related validity and construct validity" (Desai & Patel, 2020, p. 164). Consequently, according to Desai and Patel (2020) face validity is a form of validity that relies on the opinions of experts and researchers to determine the extent to which an instrument measures what it intends to measure at face value. Additionally, content validity refers to the range or extent to which a data collection instrument covers variables relevant to a topic or concept (Desai & Patel, 2020). However, Kothari (2004) asserts that its determination is judgmental and also relies on the opinions of people.

Furthermore, according to Desai and Patel (2020) construct validity considers the relationship among variables and it is regarded as a crucial measure of validity. However, Sreejesh et al. (2014) contends that construct validity is not dealt with by the researcher. Moreover, Kothari (2004) warns that construct validity is the most complex measure of validity of a data collection instrument and involves prediction of correlations with other theoretical propositions.

However, criterion-related validity is predictive and involves both predictive and concurrent validity (Desai & Patel, 2020). Moreover, Fatoki (2021) emphasizes the importance of pilot testing a questionnaire before it is used in an actual survey, a process that is critical in checking the effectiveness of the instrument in achieving its objectives or the required results. Similarly, Babbie (2010) warns that irrespective of how careful a researcher develop a questionnaire errors will always be there and pilot testing is critical in addressing them. Additionally, Fatoki (2021) contends that pilot testing plays an important role in establishing face and content validity of a data collection instrument.

Consequently, according to Walliman (2011) pilot testing involves the collection of data from a small number of cases to assess the quality of responses and procedures. Moreover, Kothari (2004) contends that a pilot study is like a practice or rehearsal on an actual study and capable of revealing any weaknesses to the data collection instrument. Additionally, Babbie (2010) contends that the representativeness of a pilot sample is not important and further asserts that self-administration of pilot questionnaire is the best approach. Moreover, according to Saunders et al. (2009) the sample size for a pilot study is influenced by a number of factors: research questions and objectives, time, budget, size of the research study and the quality of the initial questionnaire.

Consequently, Fink (2003b) cited in Saunders et al. (2009) asserts that a minimum of 10 participants is required for student research projects. Similarly, Babbie (2010) concurs with Fink (2003b) cited in Saunders et al. (2009) and asserts that a questionnaire should be pilot tested to a sample of 10 participants.

Therefore, in order to collect primary quantitative data for this study a structured questionnaire with closed ended questions was used to collect data from MSMEs. Moreover, the instrument was developed by the researcher observing all the critical aspects of a good questionnaire such as ensuring that the document is short, simple, attractive, avoiding jargons & prestige questions, avoiding double barrel questions and providing for uncertainty answers. Additionally, the questionnaire was tested for validity & reliability, colleagues were requested to assist with testing face validity and professional researchers were requested to assist with testing content validity. Futhermore, the questionnaire was tested for reliability through PSPP software. Moreover, this test was important in ensuring that all the six main questions in the questionnaire were measuring the same concept. Moreover, Cronbach"s Alpha was used for this purpose with a coefficient of 0.82 reported as detailed in table 3.2 below.

Table 3.2

Reliability Statistics

Cronbach's Alpha	No of items
.82	6

3.5.1 Pilot Study

Pilot testing of the questionnaire was conducted with 10 participants who were selected from the same study population and requested to self-administer the questionnaire in order to determine their level of understanding the questions. Moreover, even though convenience sampling was adopted in recruiting study participants attempts were made to ensure representativeness of the study population. As a result, the different sectors were represented as detailed in table 3.3 below:

Table 3.3

Pilot Study Sample

Category	Sample
Wholesale and retail	3
Manufacturing	2
Service	4
Construction	1
Total	**10**

Moreover, self-administered questionnaires were hand delivered to all selected participants with a covering letter requesting their participation, explaining the purpose of the study, explaining the eligibility criteria (owners or managers) and their rights as participants. Additionally, participants were verbally told that this was a pilot study and their comments on the structure, layout and clarity of questions were invited. Moreover, participants who felt they were well-informed, met the eligibility criteria and were competent to voluntarily consent to participate in the study were requested to complete and sign the informed consent forms.

Consequently, completed informed consent forms together with questionnaires were collected after a period of five days (7.6.2022 to 11.6.2022) in order to allow enough time for participants to apply their minds on the exercise. Moreover, during collection of the questionnaires participants were asked for their comments on the questionnaire. Additionally, all completed questionnaires and informed consent forms were closely scrutinized for errors, completeness as well as participants‟ comments where they were noted on the questionnaires.

Additionally, all completed questionnaires were analyzed for both descriptive and inferential statistics in the PSPP software. Moreover, Sereejesh et al. (2014) seven stages of data analysis were followed and this exercise was very important in testing the suitability of the data, the results as well as familiarization with the PSPP software and the data analysis process (seven stages of data analysis). Additionally, the pilot study was important in checking the effectiveness of the instrument in achieving its objectives or required results.

However, none of the comments and results demanded editing or changing the questionnaire other than comments where clarity of some questions was made particularly information asymmetry. Consequently, taking advantage of the face to face administered questionnaire approach no changes were made to the questionnaire instead appropriate measures were made to verbally explain or clarify those questions and others during data collection using our native language where necessary. In contrast, semi structured interviews were used to collect data from the financial institutions and this interviews were guided by an interview schedule. Moreover, collegues and professional researchers were requested to assist with face validity of the instrument, merely perusing through the entire interview schedule to determine the clarity of the questions.

3.6 Operational Definition of Variables

Operational definitions play an important role in all research studies and crucial in ensuring that variables in a research project are clearly defined (Graziano & Raulin, 2014). Moreover, Leavy (2017) asserts that irrespective of whether a research study is experimental or survey operational definitions of all variables involved will be required. Additionally, Leavy (2017) contends that such definitions explain the exact meaning of variables in a researcher study.

Consequently, according to Kushner (2021) operational definitions refer to the process of defining study variables according to how the researcher plans to measure those variables. Furthermore, according to Graziano and Raulin (2014) operational definitions are like a prescription detailing exactly how variables in a study are to be measured or manipulated. Moreover, Kushner (2021) contends that in psychology operational definitions are recognized as a critical starting point in all scientific research studies. Additionally, Ajeel (2011) asserts that a well-defined variable ensures that the intentions of a researcher are well communicated and also improves the usefulness of study results.

Consequently, according to Graziano and Raulin (2014) developing good operational definitions and properly applying them in a research study plays a critical role in minimizing measurement error. Moreover, Khan (2022) asserts that such definitions improve the accuracy of a research process through clarifying the meaning of study variables and processes. Additionally, Fallon (2016) cited in Leavy (2017) contends that operational definitions play an important role in improving construct validity of data collection instruments.

Furthermore, according to Graziano and Raulin (2014) well developed operational definitions are critical in ensuring replication of a research study through defining study procedure succinctly. Moreover, Attia (2021) asserts that such definitions constitute an important component of the research process and critical in ensuring appropriate transition in the definition of study variables from theoretical or conceptual definitions to empirical definitions. However, Graziano and Raulin (2014) warn of the complexity of developing operational definitions and assert that they involve a review of past literature and also making random decisions.

Therefore, in line with the research questions, objectives and methodology this study identified six variables which required the development of good operational definitions: access to finance, collateral, financial literacy, information asymmetry, firm characteristics and owner or manager characteristics. Moreover, such definitions will be critical in ensuring that all readers of the research study are on the same page regarding the exact meaning of the variables as well as how they have been measured.

3.6.1 Access to Finance

There is no universal definition of access to finance despite global interest in studying this concept hence it is defined differently by a number of researchers. Moreover, according to Beck and Demurguc (2006) cited in Musamali and Tarus (2013) access to finance refers to the prospect of accessing credit, insurance and risk services by individuals or businesses. Similarly, Claessens (2006) cited in Musamali and Tarus (2013) contends that it involves the ability of a business to access and utilize appropriate financial services. Additionally, Chowdhury and Alam (2017) assert that in Bangladesh access to finance refers to the extent to which SMEs have access to lenders offering appropriate funding.

Similarly, according to Harelimana (2017) access to finance refers to the potential of businesses and individuals to procure credit, deposit, insurance and other risk management services. Therefore, in this study access to finance refers to the extent to which MSMEs have access to credit from Banks, FINCORP and IDCE for all purposes (start-up, working capital and growth).

Moreover, to measure this variable the Likert Scale was adopted to obtain the opinions of business owners or managers on MSME access to finance from these financial institutions. Additionally, participants were requested to rate their opinions based on a statement made in the questionnaire in this regard on a scale of five ranging from strongly agree to strongly disagree (strongly agree = 1, agree = 2, uncertain = 3, disagree = 4, strongly disagree = 5).

3.6.2 Collateral

Collateral constitutes one of the important factors affecting access to finance for MSMEs and critical in acting as security in case of failure to meet their obligations (Njue & Mbogo, 2017). Moreover, according to Gitman (2003) cited in Osano and Languitone (2016) collateral refers to the commitment of assets by borrowers to lenders to act as cushion in case of default. Additionally, Garrett (2009) cited in Osano and Languitone (2016) contends that collateral refers to anything capable of recovering principal debt including: houses, the business and cars.

Furthermore, according to Flaminiano and Francisco (2021) land, building and equipment are acceptable assets for collateral purposes. However, Agyei (2018) contends that investments could also be utilized in application for funding. Therefore, in this study collateral refers to immovable assets committed or pledged to a Bank, FINCORP and IDCE by MSMEs to be utilized in realizing any outstanding balance in case of failure to meet their obligations.

Moreover, to measure this variable the Likert Scale was adopted to obtain the opinions of business owners or managers on the effect of collateral on access to finance from these financial institutions. Additionally, participants were requested to rate their opinions based on a statement made in the questionnaire in this regard on a scale of five ranging from strongly agree to strongly disagree (strongly agree = 1, agree = 2, uncertain = 3, disagree = 4, strongly disagree = 5).

3.6.3 Financial Literacy

Financial literacy is another concept that lacks a universal definition hence the term is used interchangeable with “financial education, financial knowledge and financial capability” in a number of studies (Mabula, 2016, p. 882). Moreover, according to Mariott (1996) cited in Anshika et al. (2021) financial literacy refers to the ability of a manager to comprehend and analyze financial information to take informed financial decisions. Similarly, Lusardi and Mitchell (2014) cited in Anshika et al. (2021) assert that financial literacy refers to the capacity of a manager to make simply calculation and understanding of basic financial concepts.

However, according to Mandell (2007) cited in Anshika et al. (2021) financial literacy refers to the capacity of a manager to evaluate and make decisions on the choice and use of financial instruments both simple and complex. Moreover, Worthington (2005) cited in Oke (2018) contends that it refers to the extent to which a manager can make informed decisions with regards to the use money and management. Consequently, measuring financial literacy becomes a massive challenge due to the lack of a standard definition (Remund, 2010 cited in Anshika et al., 2021).

Therefore, in this study financial literacy refers to the basic understanding of financial concepts by a business owner or manager. Moreover, to measure this variable the Likert Scale was adopted to obtain the opinions of business owners or managers on the effect of owner or manager financial literacy on access to finance from Banks, FINCORP and IDCE. Additionally, participants were requested to rate their opinions based on a statement made in the questionnaire in this regard on a scale of five ranging from strongly agree to strongly disagree (strongly agree = 1, agree = 2, uncertain = 3, disagree = 4, strongly disagree = 5).

3.6.4 Information Asymmetry

Information asymmetry refers to a situation where one party to a transaction or contract has more or better information than the other party (Bello & Mustapha, 2021; Bergh et al., 2018). Similarly, Bello and Mustapha (2021) contends that the theory of information asymmetry presume that one party to a contract has relevant information compared to the other party. Additionally, according to Fasola et al. (2020) information asymmetry arises where one party to a transaction lacks comprehensive information. Moreover, information asymmetry is caused by an information gap between two parties and divided into Ex-ante asymmetry information and information asymmetry (Khatali, 2020).

Therefore, in this study information asymmetry refers a situation where one party to a transaction (lender or borrower) has more or better information than the other. Moreover, to measure this variable the Likert Scale was adopted to obtain the opinions of business owners or managers on the effect of information asymmetry on access to finance from Banks, FINCORP and IDCE. Additionally, participants were requested to rate their opinions based on a statement made in the questionnaire in this regard on a scale of five ranging from strongly agree to strongly disagree (strongly agree = 1, agree = 2, uncertain = 3, disagree = 4, strongly disagree = 5)

3.6.5 Firm Characteristics

Firm characteristics have been identified as one of the major factors affecting access to finance by MSMEs from formal financial institutions; however, this factor is defined differently by researchers. Moreover, according to Zelalem and Wubante (2019) they involve: business location, industry, size, age, legal status and collateral. Similarly, Kira and He (2012) contend that firm characteristics refer to: business location, industry, size, business information, age, incorporation and collateral.

Furthermore, according to Oke et al. (2019) firm characteristics involve firm age, size, incorporation and industry. Similarly, Flaminiano and Frascisco (2021) assert that they include firm age, size and legal status. Additionally, Musamali and Tarus (2013) contend that firm characteristics involve business size, age, type and legal status. However, according to Mabhungu et al. (2011) cited in Buyinza et al. (2018) include "business formality, value of assets, business sector, operating period, financial performance and size".

Therefore, in this study firm characteristics refer to a business size, age and legal status. Moreover, to measure the size of a business the number of employees was used in line with the SMME Policy of 2018 and participants were requested to state the number of people employed by their businesses. Similarly, to measure the age of a business participants were requested to state the number of years a business has been operating. Additionally, to measure the legal status of a business participants were requested to choose between company = 1, partnership = 2 and sole trader = 3.

3.6.6 Owner or Manager Characteristics

Owner or manager characteristics are also cited by a multitude of researchers as crucial in influencing access to finance for MSMEs. Moreover, according to Nguyen, Gan and Hu (2015) owner or manager characteristics involve education, experience, age, gender and marital status. Furthermore, the authors found in their study that education and gender were the main factors influencing access to credit.

Therefore, in this study owner or manager characteristics refer to age, gender and education level. Moreover, to measure the age of the owner or manager participants were requested to state their ages in number. Additionally, to measure the gender of a business owner or manager participants they were requested to select their gender between male = 1 and female = 2. Similarly, to measure the education level of participants they were requested choose between other = 1, certificate = 2, diploma = 3, degree = 4 and MBA/PhD = 5. Furthermore, operational definitions for this study are well articulated and summarized in table 3.4 below.

Table 3.4

Operational Definitions

Variable	Definition	Measurement
1. Access to finance	The extent to which MSMEs have access to credit from Banks, FINCORP and IDCE for all purposes (start-up, working capital and growth)	Likert scale ranging from strongly agree to strongly disagree (strongly agree = 1, agree = 2, uncertain = 3, disagree = 4, strongly disagree = 5).
2. Collateral	Refers to immovable assets committed or pledged to a Bank, FINCORP and IDCE by MSMES to act as security in case of default.	Likert scale ranging from strongly agree to strongly disagree (strongly agree = 1, agree = 2, uncertain = 3, disagree = 4, strongly disagree = 5).
3. Financial literacy	Refers to the basic understanding of financial concepts by a business owner or manager.	Likert scale ranging from strongly agree to strongly disagree (strongly agree = 1, agree = 2, uncertain = 3, disagree = 4, strongly disagree = 5).

4. Information asymmetry	Refers a situation where one party to a transaction (lender or borrower) has more or better information than the other	Likert scale ranging from strongly agree to strongly disagree (strongly agree = 1, agree = 2, uncertain = 3, disagree = 4, strongly disagree = 5).
5. Firm characteristics	Refer to a business size, age and legal status	Business size measured by the number of employees. Age measured by the number of years in operation. Legal status measured by choosing between company, partnership and sole trader.
6. Owner or manager Characteristics	Refer to age, gender and level of education	Age measured by requesting participants to state their ages. Gender measured by choosing between male and female. Level of education measured by choosing between other, certificate, diploma, degree and MBA/PhD

3.7 Study Procedures and Ethical Assurances

3.7.1 Study Procedures

Research at UNICAF University is guided by very strong ethical principles and requires the approval of the University Research Ethics Committee (UREC) before data collection. Moreover, the approval process requires the submission of both provisional and final ethics approval applications which are subjected to a rigorous review process. Consequently, my research study was approved by UREC on the 7th of June 2022 giving me the green light to proceed with my data collection process. Moreover, following the approval of my study data collection began on the 14th of June 2022 spanning a period of twelve weeks ending the 13th of September 2022. Consequently, in line with the research methodology adopted in the study both quantitative and qualitative primary data were collected concurrently.

As a result, structured questionnaires with closed ended questions were used to collect quantitative data from MSMEs and semi-structured interviews guided by an interview schedule conducted through Skype or face to face to collect qualitative data from four banks and two development finance institutions. Moreover, the door to door approach was adopted in the completion of questionnaires and this approach was deemed appropriate as it accommodated all businesses including those that did not have email addresses, low levels of education and those who did not understand English properly. However, this approach required mapping of my study sample in order to ensure a systematic or organized data collection process and such mapping resulted in grouping businesses around Sidwashini, Checkers, Mbabane City Centre and Mbabane Industrial Site.

Consequently, capitalizing on the face to face administered questionnaire approach the first step was to introduce myself to potential participants, establish rapport, explain the purpose of the study, explain the eligibility criteria (owner or manager), explain the rights of the participant as detailed in the covering letter requesting their participation including: confidentiality, anonymity, right not to answer any question they felt uncomfortable answering and the right of withdrawal at any stage of the data collection process without any consequences.

Moreover, the next step was allowing potential participants to peruse through the entire questionnaire and where clarity was required appropriate explaination was given using our native language where necessary. Consequently, where potential participants felt they were well informed, met the eligibility criteria and were competent to voluntarily consent to participate in the study they were requested to complete and sign the participant consent form. Moreover, pursuant to appropriately completing and signing the consent form participants were allowed to proceed with the completion of the questionnaire with the researcher reading questions from the questionnaire and writing down responses from the participants. However, in some instances participants were allowed to complete the questionnaire infront of the researcher.

Furthermore, all completed questionnaires and informed consent forms were extensively checked by the researcher for errors and completenesses before filing (field check) and this exercise was very important in not only reducing but completed eradicating any possibility of having unusable questionnaires. Moreover, the completion of a single questionnaire took around ten minutes reading questions to the participants and joting down their responses. Additionally, respecting all the COVID-19 safety precautions that were set by the World Health Organization (WHO) was a priority. As a result, the researcher always wore a mask, carried a sanitizer and data collection was done at a place and time convenient to the participant.

Significantly, no identifying information was collected in the questionnaire in order to ensure anonymity of study participants. Additionally, immediately after the completion of the data collection instrument, questionnaires and informed consent forms were filed separately again to ensure anonymity of study participants. Moreover, all completed questionnaires and informed consent forms were kept in a locked steel filing cabinet accessible to only the researcher in order to ensure confidentiality of participant data. Moreover, all study information will be kept safe and will remain confidential for a period of five years, and will then be destroyed using appropriate methods including formatting all computer files and shredding all hard copy information (questionnaires and informed consent forms).

Furthermore, gatekeeper letters were printed, signed and hand delivered to the offices of the CEOs or MDs of the four banks and two development finance institutions requesting participation of their respective organizations. Moreover, as approved by UREC the gatekeeper letters gave a brief background of the study, explained its purpose and the rights of the participant involving: confidentiality, anonymity, the right not to answer some questions and the right of withdrawal at any stage of the interview without any consequences. However, not all financial institutions responded immediately, as a result, a period of four weeks was allowed for the receipt of a response from the four banks and the two development finance institutions.

Consequently, where no response was received after the lapse of the allowed period of four weeks, follow-up phone calls were made with CEOs or MDs personal assistants and copies of the gatekeeper letters emailed to their email addresses where necessary. Consequently, upon receipt of an allocated participant proposal for date and time was made and an interview scheduled at an agreed date and time.

Moreover, the interview began by introducing myself to the participants, establishing rapport, giving a brief background of the study, explaining its purpose, explaining eligibility criteria and explaining the rights of the participant despite having been well articulated in the gatekeeper letter. Additionally, participants were allowed enough time to peruse through the entire interview schedule, where the participant felt that he or she was well informed, eligible to participate in the interview (Head of MSME Department) and competent to voluntarily consent, he or she was requested to complete and sign the informed consent form. However, where the interview was conducted through Skype participants were requested to complete the informed consent form after the interview.

Furthemore, permission was sought from the participants to have our interviews recorded. Consequently, interviews proceeded guided by an interview schedule and were centered around the effect of collateral, financial literacy, information asymmetry, firm and owner or manager characteristics on lending to MSMEs with demographic information collected towards the end of the interview. Furthermore, respecting COVID-19 safety protocols set by WHO was prioritized, as a result, wearing a mask, carrying a sanitizer and collecting the data at a time and place convenient to the participants was ensured. Moreover, three interviews were conducted face to face and one was conducted through Skype.

As a result, the interview recording from Skype was kept in a password protected computer and the recordings from the face to face interviews kept in a safe filing cabinet accessible to only the researcher pending transcription. Moreover, all recordings were transcribed with no identifying information to ensure anonymity of the data and done by the researcher to ensure confidentiality of participant information.

Additionally, the transcribed version of the interview was checked several times against the original recording for errors, completeness and then shared with the participant for comment. Consequently, based on the participant comments appropriate changes were made to the transcripts and the original recording deleted to ensure anonymity of the data. Furthermore, transcripts were kept in a locked steel filing cabinet accessible to only the researcher in order to ensure that confidentiality of participant information was maintained and will remain there for a period of five years together with the questionnaires and will then be destroyed through shredding.

3.7.2 Ethical Assurances

Research ethics constitute an important part of the research process and critical where human participants are involved (Marczyk et al., 2005; Walliman, 2011). Moreover, according to The British Psychological Society (2014, p. 5) research ethics refer to “the moral principles guiding research from its inception through to completion and publication of results”. Additionally, the European Union (2013) asserts that ethics are all over and emphasizes the importance of a thorough evaluation of them in a research study.

Moreover, Saunders et al. (2009) contend that ethics are crucial to the success of a research study and note that there has been a massive growth in their consideration over the past ten years. Similarly, Parveen and Showkat (2017) assert that ethics are at the center of every research project and note that their consideration has gained massive importance. As a result, according to Saunders et al. (2009) thinking carefully about potential ethical concerns that could arise in a research study is imperative.

Consequently, according to Saunders et al. (2009, p. 184) two philosophical standpoints exist in business and management research: "deontology and teleology". Moreover, the deontological view suggests that the use of unethical research can never be justified by the ends served by the research and in instances where this view is adopted deception will never be used in data collection (Saunders et al., 2009). In contrast, the teleological view suggests that acting unethical is justified by the benefits of the research and deception would be accepted where it leads to positive benefits (Saunders et al., 2009).

Furthermore, according to Marczyk et al. (2005, p. 234) there are three fundamental ethical principles as articulated in the Belmont Report: "respect for persons, beneficence, and justice". Moreover, respect for persons is the core ethical consideration where human participants are involved and demands the respect of individual"s autonomy (Marczyk et al., 2005). Additionally, Marczyk et al. (2005) assert that autonomy acknowledges the decision of participants on what they want to do and the research they would like to be involved in.

Moreover, according to Marczyk et al. (2005, p. 240) the principle of autonomy entrust the researcher with the responsibility of protecting participants whose autonomy is affected by a number of factors: "illness, age and cognitive impairment". Additionally, the principle of respect for persons does not prevent participants who are potentially vulnerable from participating in a research study, instead it demands that participants should be given the liberty to decide whether they want to participate or not (Marczyk et al, 2005).

Consequently, according to Marczyk et al. (2005) obtaining informed consent from participants who choose to participate voluntarily becomes imperative. Moreover, European Commission (2013) contends that informed consent is an important principle in research ethics, critical in all kinds of research studies and presumed to ensure that participation in a research study is voluntary. Similarly, Kumar (2011) asserts that collecting data without informed consent is unethical in all disciplines. Moreover, according to the European Commission (2013, p. 14) informed consent involves three components: “adequate information, voluntariness and competence”.

Consequently, according to Kumar (2011) informed consent implies that participants are well informed about the research study regarding the required information and how it will be use, the purpose of the study and its impact on the participants. Similarly, Fujii (2012); Saunders et al. (2009) contend that informed consent assume that participants are fully informed about the dynamics of a study and have not been pressured or tricked into consenting hence their participation is voluntary.

However, European Commission (2013) warns of the importance of ensuring that participant competency is adequate to understand the information and fully comprehend the consequences of their consent. Moreover, competency refers to both the legal and mental capacity of participants to consent or give permission (Schinke & Gilchrist, 1993 cited in Kumar, 2011). However, Marczyk et al. (2005) warn that limited understanding does not automatically disqualify individuals from consenting to a research study but only when their condition leads to impaired decisional capacity.

Consequently, according to Kumar (2011, p. 220) certain classes of people are not regarded as competent: “very old people, ill, people in crisis, people who do not understand the language of the study, people dependent on the researcher and under aged children”. Moreover, The British Psychological Society (2014) assert that where under aged children are involved consent should be obtained from their parents or legal guardians and where persons lacking competence are involved consent should be sought from their legally responsible proxy.

Furthermore, according to Marczyk et al. (2005) the principle of beneficence refers to the protection of research participants from harm and requires the maximization of the potential benefits of a study to the participants and minimizing potential harm or discomfort. Similarly, The British Psychological Society (2014, p. 11) emphasizes the importance of protecting participants from harmful research and asserts that “Harm to research participants must be avoided”.

Consequently, according to Bailey (1978) cited in Kumar (2011, p. 221) harm in social science research involves: “anxiety, harassment, invasion of privacy or demeaning, dehumanizing procedures”. Moreover, where data collection processes result in one of the highlighted instances it becomes paramount for the researcher to find appropriate measures to ensure that such risk is minimized (Kumar, 2011). Similarly, The British Psychological Society (2014) recommends the development of appropriate risk mitigating mechanisms where unavoidable risk is identified.

Furthermore, according to Marczyk et al. (2005) the principle of justice involves the selection of research participants and requires the adoption of appropriate selection techniques that ensure fair selection. Moreover, selection approaches should ensure that all participants have an equal chance of being recruited and selected without any discrimination or bias (Marczyk et al., 2005). Consequently, random selection becomes the most appropriate selection method that ensures equal chance of participant selection (Marczyk et al. 2005; Saunders et al., 2009).

Moreover, according to Marczyk et al. (2005) the principle of confidentiality is paramount in all research projects as observed by (The British Psychological Society, 2014) that all information collected by a researcher is deemed confidential unless stated otherwise. Consequently, Kumar (2011) contends that it is unethical to share information collected from participants with others and failure to annonymize such information. Additionally, Saunders et al. (2009) assert that where confidentiality has been promised it becomes crucial for the researcher to ensure that such promise is maintained.

Consequently, according to Walliman (2011) there are a number of measures that could be adopted to ensure that confidentiality of information collected from participants is maintained and involves keeping data containing sensitive information at a secured place and accessible only to the researcher, ensure the use of safe transmission methods when transmitting data externally or internal amongst colleagues and also ensure that at the end of the research study all data are destroyed through shredding, formatting disc or memory sticks.

Furthermore, according to Saunders et al. (2009) the principle of objectivity is another important ethical consideration and critical in ensuring that data is collected accurately and fully. Moreover, this principle is also vital in ensuring that subjective selectivity is avoided and paramount in improving the validity and reliability of the research study (Saunders et al., 2009). Additionally, Saunders et al. (2009) assert that the principle of objectivity also plays an important role in the reporting stage of the research process and ensures that data is reported correctly without any misrepresentation.

Furthermore, according to Miller, Gluck and Wendler (2008) debriefing is an important ethical requirement where deception has been used in a research study and involves informing research participants if they were deceived and the reason for such deception. Similarly, The British Psychological Society (2014) emphasizes the importance of the providing an appropriate debrief after completion of data collection process particularly where deception has been used.

Therefore, in this study vigilance was exercised in order to ensure that all potential harm was anticipated and appropriate measures taken to reduce any potential risk and all ethical principles related to vulnerable groups were observed. Moreover, necessary precautions were taken to ensure data confidentiality and anonymity of participants. Consequently, computer files were kept in a laptop that is protected by password and accessible to only the researcher, questionnaires kept in a locked steel filing cabinet accessible to only the researcher and pseudonyms used where necessary to protect participant identity during data reporting.

Additionally, this study ensured that selective subjectivity was avoided in collecting and recording data hence all data were collected fully and accurately. Additionally, the study ensured honesty in reporting collected data hence misrepresentation of data was avoided. Furthermore, this study ensured that other people"s work was properly cited and referenced with the APA system of referencing and at no point was other people"s work copied into the study without citation.

3.8 Data Collection and Analysis

3.8.1 Data Collection

Data collection constitutes an important part of a research process particularly in academic research and critical in enabling the researcher to collect data that will help him or her to gain a deeper understanding of the research topic as well as answers to the research questions (Annum, 2020; Taherdoost, 2022). Moreover, Taherdoost (2022) classifies data into quantitative data & qualitative data and contends that quantitative data is numerical whereas qualitative data is non numerical. Additionally, data could be categorized into primary data and secondary data (Taherdoost, 2022). Morover, primary data refers to data collected by the researcher afresh, first hand, not published and have not been tempered with by other people, in contrast, secondary data refers to data that was collected & analyzed by other people and published (Taherdoost, 2022).

Consequently, choosing an appropriate data collection instrument becomes imperative in a research study irrespective of the field and critical in ensuring that appropriate data to answer a research question and achieve research objectives is collected (Sukmawati, Sudarmin & Salmia, 2023). Moreover, according to Taherdoost (2022, p. 14) there are a number of data collection techniques or tools to collect primary data: “questionnaires, interviews, observations and focus group interviews”.

Consequently, questionnaires are appropropriate where a study requires the collection of data suitable for statistical analysis and involves choosing an answer from predetermined answers (Taherdoost, 2022). Moreover, interviews involve the collection of data through an interactive or conversational approach with questions asked by the researcher and data collected from the responses provided by the participants (Bispo Junior, 2022; Taherdoost, 2022). Additionally, observation involves the collection of data through observing an event, process or behaviour to get a better understanding of a concept (Taherdoost, 2022). Furthermore, focus group interviews involve the collection of data through a discussion between the researcher and a group of participants (6 – 12) and not individually (Bispo Junior, 2022; Taherdoost, 2022).

Moreover, Taherdoost (2022) contends that questionnaires are the most popular techniques for collecting quantitative data, in contrast, interviews are common in the collection of qualitative data (Bispo Junior, 2022). Additionally, questionnaires are associated with positivism and pragmatism research philosophies, descriptive and explanatory research purpose, survey research strategy, mixed methods research methodologies, and cross-sectional studies (Saunders et al., 2009). Significantly, testing the validity and reliability of a questionnaire is crucial in enhancing its quality and critical in ensuring that appropriate primary data is collected (Rozali, Puteh, Yunus, Hamdan & Latif, 2022).

Moreover, Surucu and Maslakci (2020, p. 2695) contend that “Reliability and Validity of the measuring instrument are two indispensable features”. Futhermore, Idigo (2021) categorizes validity into internal & external validity and asserts that internal validity attempts to eliminate the intervening variables in the context of a study and ensure that the instrument measure what its supposed to measure, in contrast, external validity is concerned with the generalizability of the study findings to other contexts.

Consequently, there are four forms of internal validity: “face, content, criterion-related and construct” (Desai & Patel, 2020, p. 164). Moreover, face and content validity is concerned with whether the items on a questionnaire measure what the researcher intends to measure (Desai & Patel, 2020). However, criterion-related validity is concerned with the ability of a questionnaire questions to make predictions, moreover, construct validity is concerned with whether the questionnaire is measuring the constructs or concepts it intends to measure (Desai & Patel, 2020). In contrast, reliability is concern with the ability of a questionnaire to produce consistent results when used at different times and conditions (Shodiya & Adekunle, 2022).

Moreover, four methods are available to measure the reliability of a questionnaire: “test retest, inter rater or inter observer, parallel form and internal consistency” (Shodiya & Adekunle, 2022). Consequently, test re-test involves administering the same questionnaire twice to the same participants (Shodiya & Adekunle, 2022). Moreover, inter rater involves testing the reliability of an instrument by more than one rater (Shodiya & Adekunle, 2022). Additionally, parallel form realiability involves using different testing forms on the same concept at different times. Furthermore, internal consistency measures the consistency of all questions in a questionnaire and involves the correlation of all questions (Shodiya & Adekunle, 2022). Moreover, Jaghsi, Saeed, Fanas, Alqutaibi and Mundt (2021) contend that the most popular method of measuring internal consistency in the Cronbach‟s Alpha.

Additionally, Taherdoost (2022) contends that questionnaires could be administered in four different ways: “face to face, telephone, post and online”. Moreover, face to face approach allows a researcher an opportunity to ask questions from the questionnaire verbally to the participants, clarify any queries, write down their responses and crucial in improving the response rate and data quality (Taherdoost, 2022).

Similarly, telephone approach involves the administration of a questionnaire through the telephone and requires the interviewer to read questions from the questionnaire to the participant and record his or her response (Taherdoost, 2022). Moreover, this technique is cost effective as it does not require the printing of a number of questionnaires and travel cost are minimized, however, accessibility to a telephone and lack of facial expression could compromise the response rate and quality of the data. Additionally, postal questionnaires require the researcher to send printed copies of the questionnaire to the respondents by post and to be returned by the respondents after completion by post or alternatively the researcher may opt to hand deliver the questionnaires to the participants and collect them at a later date.

Consequently, this approach is associated with huge costs involving printing of questionnaires, posting or traveling. Moreover, the literacy level of the participant becomes important as the approach involves self administration of the questionnaire and associated with low response rate and data quality. Furthermore, online involves the administration of a questionnaire through internet platforms: email, google surveys and skype. However, despite being cost effective the response rate may be compromised where a significant number of respondents are not computer literate or do not have a computer or lack access to the internet.

In contrast, interviews involve discussions between two or more people and crucial in collecting data relevant in answering a research question (Taherdoost, 2022). Moreover, according to Taherdoost (2022, p. 18) there are three common types of interviews: “structured, semi-structured and unstructured”. Additionally, structured interviews involve the use of an interview questionnaire to collect data, highly structured, require the researcher to read all questions exactly as they are written and in the same tone to all participants (Annum, 2020).

Additionally, according to Taherdoost (2022) semi-structured interviews are appropriate where the researcher requires specific information that he or she can compare with information from other studies and are guided by an interview schedule in order to ensure that the same questions are asked to all the participants, however, where additional information is required the interviewer can take the discussion further. However, unstructured interviews are informal and are appropriate where in-depth or rich information is required to answer a research question (Annum, 2020). Consequently, participants are allowed more liberty to answer an interview question and there is no predetermined list of questions to guide the interview, however, the researcher must have a clear idea of what is being explored (Taherdoost, 2022).

Furthermore, according to Annum (2020, p. 3) interviews could be administered in three different ways: "face to face, telephone and computer". Moreover, face to face interviews require the researcher to visit the participant, ask question, records the responses manually or using electronic devices and crucial in ensuring improved response rate & data quality (Taherdoost, 2022). Additionally, Taherdoost (2022) contends that face to face administration of an interview provides a platform for discussing difficult and sensitive issues. However, telephone interview requires the interviewer to ask questions over the phone from an interview schedule and record the participant‟s responses.

In contrast, computer interview involves conducting interviews through emails or Skype. Moreover, Skype interviews allow a detailed discussion with the participant and an opportunity to assess his or her facial expressions and also enables recording of the interview. Additionally, Skype has a number of benefits including improved response rate and data quality because of its similarity with face to face. Furthermore, Skype help in minimizing interruptions to business daily operations and ensuring compliance with the Covid-19 safety protocols.

Significantly, Taherdoost (2021, p. 34 - 35) highlight five challenges associated with data collection: “location of data collection, literacy of the participant and the language of the questions, timing, exhaustion of the research team and sensitive data”. Moreover, ensuring that this challenges are mitigated and do not happen is a study becomes imperative in enhancing the quality of the collected data. Consequently, the environment or place of collecting data plays an important role in enhancing the freedom of participants and critical in enabling the provision of answers that are free from bias (Taherdoost, 2021). Moreover, collecting data in an open office environment may lead participants to be scared of being overheard by their superiors hence prefer to give answers that they feel might sound good to their supervisors.

Additionally, the literacy level and language differences of participants may severely affect data collection and compromise the quality of the data being collected, as a result, conducting a pilot study becomes imperative in testing the level of understanding of the questions by the participants (Taherdoost, 2021). Moreover, whilst enough or adequate time is crucial in enabling participants to apply their minds in considering & answering research questions, however, taking too long or even too short could affect the performance of the participants hence conducting a pilot study and providing estimates becomes important (Taherdoost, 2021).

Furthermore, fatigue or exhaustion on the part of the researcher may severely affect the data collection process hence taking required breaks becomes crucial in ensuring that good quality data is colleted (Taherdoost, 2021). Moreover, establishing rapport and gaining the trust of the participants becomes critical in collecting sensitive data, as a result, starting the data collection process with easy or icebreaking questions and clearly articulating the ethical principles guiding the research is important (Taherdoost, 2021).

Therefore, in line with the research purpose, objectives, questions, research methodology and following receipt of the ethics approval from UREC on the 7th June 2022 primary data collection commenced on the 14th June 2022 spanning a period of twelve weeks to the 13th of September 2022, collecting both quantitative and qualitative primary data concurrently. Moreover, this study involved collecting data from human participants, as a result, observing all ethical considerations throughout the entire data collection process was prioritized and this involved obtaining informed consent from all participants, ensuring that all data was collected accurately and fully hence avoiding subjective selectivity.

Additionally, as this study was conducted at a time when Covid-19 was still posing a threat in the country, respecting all related protocols was critical and this involved wearing a mask & having a sanitizer all the time and collecting the data at place and time convenient to the participants. Moreover, data was collected from 9am to 4pm Mondays to Thursday and 9am to 1pm of Fridays, lunch breaks, weekends and holidays were not used, this approach was very important in avoiding participant error and bias. Additionally, no identifying information or data was collected in order to ensure anonymity of participants, all data was kept in a safe filing cabinet and password protected computers accessible to only the researcher to ensure confidentiality of participant information.

Consequently, quantitative primary data was collected from a sample of 188 MSMEs in Mbabane which was selected through probability sampling design and stratified random sampling approach. Additionally, only owners or managers with a better understanding of the financial affairs of the business were requested to participant in the study, structured questionnaires with closed ended questions were used and administered face to face. Futhermore, the data collection process lasted for approximately ten minutes per participant.

Additionally, the questionnaire was divided into two parts (section 1 and section 2) with the first section collecting demographic data and section 2 collecting data relating to the research questions, comprising six questions structured in a Likert scale ranging from strongly agree (1) to strongly disagree (5). Moreover, the questionnaire was tested for both validity and reliability. Consequently, collegueas were requested to assist with face validity and professional researchers requested to assist with content validity. Additionally, the questionnaire was pilot tested to ten participants selected from the target population, testing both face and content validity (Fatoki, 2021). Furthermore, completed questionnaires were checked for errors and completeness before filing and filed in a safe filing cabinet accessible to only the researcher pending analysis.

In contrast, qualitative primary data was collected from six financial institutions comprising four banks (Standard Bank, Nedbank, Eswatini Bank and First National Bank) and two development finance institutions (FINCORP and IDCE) selected through non probability sampling design and purposive sampling approach. Moreover, semi structured interviews were used and administered through Skype or face to face. Additionally, the interviews were guided by an interview schedule covering the areas of interest (collateral, financial literacy, information asymmetry and firm & owner or manager characteristics).

Moreover, a single interview lasted for just over twenty minutes and was conducted at a place convenient to the participant. Additionally, all interviews were conduct in English considering the literacy level of heads of the MSME department and all recordings were filed in a safe filing cabinet or password protected computer accessible to only the researcher pending transcription. Additionally, conducting the interviews face to face was deemed appropriate in this study as it allowed the process to be interactive and crucial in ensuring improved response rate and data quality because both parties were able to seek clarity on any issues.

Furthermore, using Skype as an alternative approach to conducting the interviews with financial institutions also ensured minimal interruption to their business operations as it enabled participants to determine the appropriate time and also ensured compliance with the Covid-19 regulations. Moreover, this technique was deemed appropriate as managers from financial institutions are definitely expected to be computer literate and have access to computers. Significantly, a response rate of 84% was achieved as shown in table 3.5 below and was deemed good because it was above the acceptable threshhold of 50%, also because the study was conducted at a time when Covid-19 was still posing a threat in the Kingdom of Eswatini and lastly because financial institutions in the country are guided by very strong policies regarding sharing of their information.

Table 3.5

Response Rate

Participants/respondents	**Sample**	**Number of participants**	**Response rate**
Micro Small Medium Enterprises (MSMEs)	188	159	
Financial Institutions (Banks, FINCORP and IDCE)	6	4	
TOTAL	194	163	163/194 x 100 **84%**

3.8.2 Data Analysis

Data analysis is imperative in a research study and critical in ensuring that raw data is converted into meaningful information as observed by (Saunders et al., 2009) that raw data is meaningless unless it undergoes a data analysis process. As a result, Marczyk et al. (2005, p. 209) emphasize the importance of data analysis in research and assert that "Knowledge about data analysis can help a researcher interpret data for the purpose of providing meaningful insights about the problem being examined". As a result, all data collected in research irrespective of the research methodology adopted should be analyzed (Kothari, 2004; Sreejesh, et al., 2014).

Moreover, according to Kothari (2004) data analysis involves the calculation of certain measures and establishing existing patterns of relationships existing between data groups. As a result, the choice of an appropriate data analysis technique becomes imperative particularly in academic research. Moreover, Dawson (2002, p. 112) contends that choosing an appropriate data analysis tool is influenced by the "researcher"s topic, personal preference, time, equipment and financial resources".

Significantly, the type of the data (numerical or non numerical) collected in a study has a massive impact on the choice of data analysis technique. As a result, quantitative data which involves the collection of numerical information demands a different data analysis technique from qualitative data which involves the collection of non-numerical information such as feelings and opinions. Consequently, there are a number of data analysis techniques available for both quantitative and qualitative data analysis.

3.8.2.1 Quantitative Data Analysis

According to Taherdoost (2022) correlation analysis is an appropriate quantitative data analysis approach where the research objective is to determine the relationship between variables. Additionally, this approach helps in determining whether there is a relationship between variables, the direction of the association whether it is negative or positive and also the strength of the association (Taherdoost, 2022). Consequently, according to Schober, Boer and Schwarte (2018); Taherdoost (2022) a positive relationship refers to a situation where a change in the study variables moves in the same direction whereas a negative correlation refers to a situation where the movements are opposite. Additionally, the scale of correlation coefficients ranges between -1 and +1 with 0 indicating that there is no correlation between the variables being studied (Schober et al., 2018; Taherdoost, 2022). Consequently, the magnitude of the strength of the relationship is well articulated in table 3.6 below:

Table 3.6

Magnitude of Correlation Coefficient

Magnitude of correlation coefficient	Interpretation
0.00 – 0.10	Negligible correlation
0.10 – 0.39	Weak correlation
0.40 – 0.69	Moderate correlation
0.70 – 0.89	Strong correlation
0.90 – 1.00	Very strong correlation

Note: Adapted from the Example of a Conventional Approach to Interpreting a Correlation Coefficient, by Schober et al., 2018, p. 1765

Furthermore, according to Saunders et al. (2009, p. 460 - 461) there are three methods of establishing a relationship between variables: "Spearman"s correlation coefficient (Spearman"s rho), Kendall"s rank order correlation coefficient (Kendall"s tau) and Pearson"s product moment correlation coefficient (PMCC)". However, the choice of data analysis method is influenced by the type of data collected (Saunders et al., 2009). Consequently, there are two types or groups of quantitative data: "categorical and numerical" (Saunders et al., 2009, p. 417). Moreover, categorical data refers to data that can only be classified into categories or sets but cannot be measured numerically and involves both nominal & ordinal data (Berman, Brown & Saunders 2008 cited in Saunders et al., 2009).

As a result, nominal or descriptive data refers to data like for instance gender (male or female) whereas ordinal or ranked data refers to data collected through a Likert scale like for instance where a participant is requested to rank his or her opinion from strongly agree to strongly disagree. However, despite the fact that categorical data cannot be measured numerically the number of occurrences in one category can be counted. In contrast, numerical data refers to data that could be measured numerically (Berman, et al., 2008 cited in Saunders et al., 2009). Moreover, Saunders et al. (2009) contend that Pearson"s product moment correlation coefficient is appropriate where data is numerical.

In contrast, Spearman"s correlation coefficient (Spearman"s rho) and Kendall"s rank order correlation coefficient (Kendall"s tau) are appropriate where the data is categorical (Saunders et al., 2009). Additionally, according to Walliman (2011) parametric and non-parametric statistics also have a massive influence on the choice of data analysis techniques (PMCC, Spearman"s rho and Kendall"s tau).

Moreover, according to Saunders et al. (2009) parametric statistics are appropriate where data is normally distributed, whereas, non-parametric statistics are appropriate where data is not normally distributed. Additionally, parametric statistics are used where data is numerical and selected through probability sampling techniques; in contrast, non-parametric statistics are used with categorical data (Saunders et al., 2009).

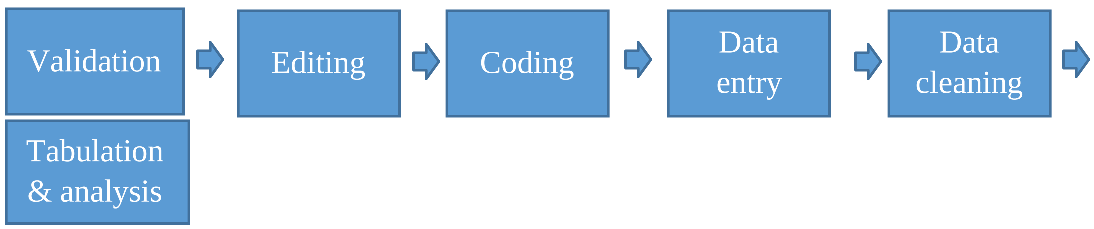
Significantly, Saunders et al. (2009) warn that as a general rule data collected from 30 or more participants using a questionnaire must be analyzed through a computer and not manual. Moreover, there are a number of statistical softwares that could be used for quantitative data analysis: “Excel, Minitab, SAS, SPSS for Windows, Stateview, SNAP, SphinxSurvey” (Saunders et al., 2009, p. 415). Additionally, UNICAF University also enlists PSPP as one of the recommended free to download software appropriate in quantitative data analysis.

Moreover, Sreejesh et al. (2014) contend that correct analysis helps a researcher in gaining a better understanding of data and ensures that informed judgments and conclusions are reached. Singificantly, it is imperative that all data collected is well processed to ensure that it is ready for data analysis, and processing involves “editing or screening, coding, data entry, checking for errors, classification, transforming data and tabulation” (Kothari, 2004; Kumar, 2011; Marczyk et al., 2005; Saunders et al., 2009).

However, Kothari (2004) contends that in some cases the distinction between data processing and analysis is not drawn, and both processes are discussed as a single process. Consequently, according to Sreejesh et al. (2014, p. 164) there are seven stages of data analysis: “validation, editing, coding, data entry, data cleaning and tabulation & analysis” and well demonstrated in figure 3.8 below.

Figure 3.6

Stages of Data Analysis



Note: Adapted from Stages of data analysis, by Sreejesh et al., 2014, p. 164

3.8.2.1.1 Validation

Validation is an imperative process of the data analysis stage and critical in confirming whether a research study was indeed conducted or not, and involves checking if all participant‟s demographic details were properly collected (Sreejesh et al., 2014). Moreover, Beegle (1981) cited in Sreejesh et al. (2014) contends that validation plays an important role in detecting any failure by the researcher to follow instructions in data collection process.

3.8.2.1.2 Editing

Editing plays an important role in improving the quality of data collected in research and involves scrutinizing closely all data collection instruments for errors, omissions, incompleteness, misclassifications, gaps from the information collected from participants and to correct them where possible (Kothari, 2004; Kumar, 2011; Sreejesh et al., 2014). Moreover, Sreejesh et al. (2014) defines editing as a manual process conducted to ascertain if the researcher followed the skip pattern and correct responses to open ended questions were elicited correctly.

Furthermore, according to Kothari (2004) editing is performed to ensure data accuracy, completeness, uniformity, consistency with other facts and properly arranged to facilitate coding and tabulation. Moreover, Kumar (2011) asserts that editing ensures that data is clean and free from inconsistencies and incompleteness. As a result, the importance of editing cannot be overemphasized as (Sreejesh et al., 2014) warn that despite being time consuming editing should be done carefully because it is critical in data processing.

Consequently, according to Kothari (2004, p. 122) editing could be performed in two stages: “field editing and central editing”. Moreover, field editing involves checking data collection instruments at the time of recording participant responses and should be performed the same day or the day after, whereas, central editing should be performed in an office after all data collection instruments have been completed and returned (Kothari, 2004). Additionally, Kothari (2004) contends that central editing should be done by a single editor in a small study and a team of editors in a large study.

Furthermore, according to Sreejesh et al. (2014) editing is done twice before the submission for data entry in large surveys, with the first edit done by the service firm and the second done by the market research firm that outsourced the survey or interviews. Moreover, Kumar (2011) contends that there are two approaches to editing data collection instruments: examination of answers to a question at a time or examination of all participant responses at a time. However, the second option is the most appropriate as it helps in the assessment of internal consistency and provides a full picture of participant responses (Kumar, 2011).

Consequently, during editing process unsatisfactory responses (illegible, incomplete, inconsistent or ambiguous) may be found and require certain approaches to address them (Kumar, 2011; Sreejesh et al., 2014). Moreover, there are a number of approaches appropriate for addressing unsatisfactory responses: inference, recall, assigning missing values, returning to the field and discarding those responses (Kothari, 2004; Kumar, 2011; Sreejesh et al., 2014).

However, Kothari (2004) warns that during editing editors should observe some protocols: ensure familiarity with editing instructions as well as instructions given to interviewers and coders, ensure that a single line is drawn when crossing an entry for whatever reason and the original entry remains legible, and ensure that an entry made to the data collection instrument is in distinctive color, ensure that all changes made are initialed, and ensure that editor‟s initials and date of editing are affixed to all affected data collection instruments.

3.8.2.1.3 Coding

Coding plays an integral role in ensuring efficient data analysis and involves assigning numbers or symbols to participant responses aimed at grouping them into small categories with critical information (Kothari, 2004; Saunders et al., 2009; Sreejesh et al., 2014). Moreover, according to Saunders et al. (2009) numerical codes enable a researcher to capture data easily through a keypad with limited errors and making analyses straightforward particularly those requiring recording of data. Similarly, Walliman (2011) contends that coding simplifies the transfer of data from a questionnaire.

However, ensuring that coding categories or classes are appropriate, exhaustive, mutually exclusive and single dimension is imperative (Kothari, 2004; Sreejesh et al., 2014). Moreover, these rules suggest that categories should be in line with the research problem, provide all alternatives, ensure that a specific answer is placed in only one category and all categories should be defined according to one concept (Kothari, 2004; Sreejesh et al., 2014). Furthermore, according to Kumar (2011) the nature of data collected (quantitative or qualitative) has a massive influence or effect on the coding process. Moreover, coding becomes critical in quantitative and categorical data in improving the ease of data analysis either manually or through a computer, whereas, in qualitative data content analysis becomes important in identifying the main themes (Kumar, 2011).

As a result, Sreejesh et al. (2014) assert that coding closed ended questions is much easier compared to coding open ended questions. Consequently, according to Kumar (2011) coding data in quantitative studies involves four stages: developing a code book, pre-testing the code book, coding the data and verifying the coded data. Additionally, a code book lays out the rules for assigning numbers to responses (Kumar, 2011). Moreover, according to Donald and Pamela (1999) cited in Sreejesh et al. (2014) a code book contains: question number, variable number, code description and variable name. Significantly, according to Sreejesh et al. (2014) a code book is vital in locating the position of a variable in data files during analysis and critical in ensuring that data entry is efficient with less error.

However, according to Kumar (2011) pre-testing a code book is very important in identifying coding problems and involves selecting a few questionnaires, and coding their responses. Consequently, upon finalization of a code book, coding data becomes the next important step in the coding process (Kumar, 2011). Moreover, there are three approaches to coding data: coding on the data collection instrument (questionnaire or interview schedule), coding on a sheet separate from the data collection instrument and coding directly into a computer using a statistical program like PSPP or SPSS. Additionally, Walliman (2011) asserts that missing data should be identified and distinguished from do not know responses.

3.8.2.1.4 Data Entry

Data entry forms an important stage of data processing and critical in ensuring that data collected through primary or secondary ways is converted into a method that enables viewing and manipulation (Sreejesh et al., 2014). Moreover, Saunders et al. (2009) assert that upon completion of data coding, coded data could then be captured into a computer. Consequently, there are many methods available to enter data into a computer: manual, optical scanning, barcode reader and voice recognition.

Moreover, according to Saunders et al. (2009) some data analysis software has the capacity to check data for errors as it is being captured. However, Saunders et al. (2009) warn of the importance of exercising considerable care to ensure that data is captured correctly irrespective of the data capture method or approach adopted and emphasizes the importance of observing the well know maxim “rubbish in rubbish out”.

3.8.2.1.5 Data Cleaning

Data cleaning is paramount in data processing as it constitutes a final stage of checking errors to ensure that computer data file is clean, ready for tabulation & statistical analysis, and involves checking a data file for consistency and treatment of missing answers (Sreejesh et al., 2014). Moreover, Saunders et al. (2009, p. 425) emphasize the importance of this stage and assert that “No matter how carefully you code and subsequently enter data there will always be some errors”. Similarly, Sreejesh et al. (2014) contend that the use a computer at this stage ensures that such checks are thorough and extensive. Consequently, according to Sreejesh et al. (2014) there are two ways or approaches to perform data cleaning: error checking routines and marginal reports. However, Saunders et al. (2009) contend that there are three methods of checking data for errors: checking for illegitimate codes, checking for illogical relationships and checking compliance with rules in the filter questions. Moreover, where errors are detected appropriate corrections could be made on the computer data file.

3.8.2.1.6 Data Tabulation & Analysis

Data tabulation constitutes a very important stage in data processing and analysis, involves organizing cleaned data into tables to improve the ease of analysis (Kothari, 2004; Sreejesh et al., 2014). Moreover, according to Sreejesh et al. (2014) there two approaches a researcher could choose from to tabulate data: one way frequency tabulation and cross tabulation. Consequently, Kothari (2004) contends that computers play an important role where tabulation involves large data to be dealt with within limited time.

Therefore, in line with the research purpose, objectives and questions in this study the seven stages of data analysis by (Sreejesh et al., 2014, p. 164) were adopted: "validation, editing, coding, data entry, data cleaning, tabulation & analysis". Moreover, all participants informed consent forms were closely scrutinized to ensure that they were properly completed, signed and dated. Additionally, the total number of informed consent forms was checked against the total number of completed questionnaires. This exercise was critical in addressing the validation of the study. Additionally, all questionnaires were closely checked for errors, omission, incompleteness and misclassification.

Moreover, capitalizing on the face to face administration of the questionnaires field editing was performed during their completion and central editing was performed after all completed questionnaires were returned to the office where all questions to a participant were checked at a time. Consequently, where unsatisfactory responses were identified relevant changes were made following the protocols cited by (Kothari, 2004) and a single line drawn with the original response remaining legible, changes made in distinctive colour, all changes initialed and dated.

Furthermore, questionnaire responses were coded with a code book developed in PSPP software like for instance (male 1 and female 2) ensuring that categories are appropriate, exhaustive, mutually exclusive and single dimension. Moreover, the code book was pre-tested on ten questionnaires completed for pilot study. Additionally, data responses were coded directly into PSPP software and codes verified before data entry. Consequently, upon completion of the coding process data was captured manually into a computer on PSPP software. Consequently, enough time was allocated for this process in view of the number of questionnaires involved in this study (159).

Moreover, exercising considerable care to ensure that all data was captured correctly was paramount hence the well-known maxim “rubbish in rubbish out” was observed. Significantly, ensuring that quetionnaires were marked with the case number reflected on the PSPP data file was imperative in linking the questionnaires with the data in the software during the performance of data cleaning. Consequently, data cleaning was performed carefully checking all the captured data for errors and completeness. Moreover, this processs was extensively done before data analysis and involved checking all captured data against the relevant questionnaires several times.

As a result, enough time was allocated for this process understanding the importance of data quality and integrity in research as well as its impact or influence on the results and conclusions drawn. Significantly, data was then analyzed for descriptive statistics where frequency distributions were produced from the PSPP software and were copied to Microsoft Excel for improved quality. Furthermore, the relationship between the study variables was established through Spearman correlation (rho) performed in PSPP software and the results copied to Microsoft Word for improved quality.

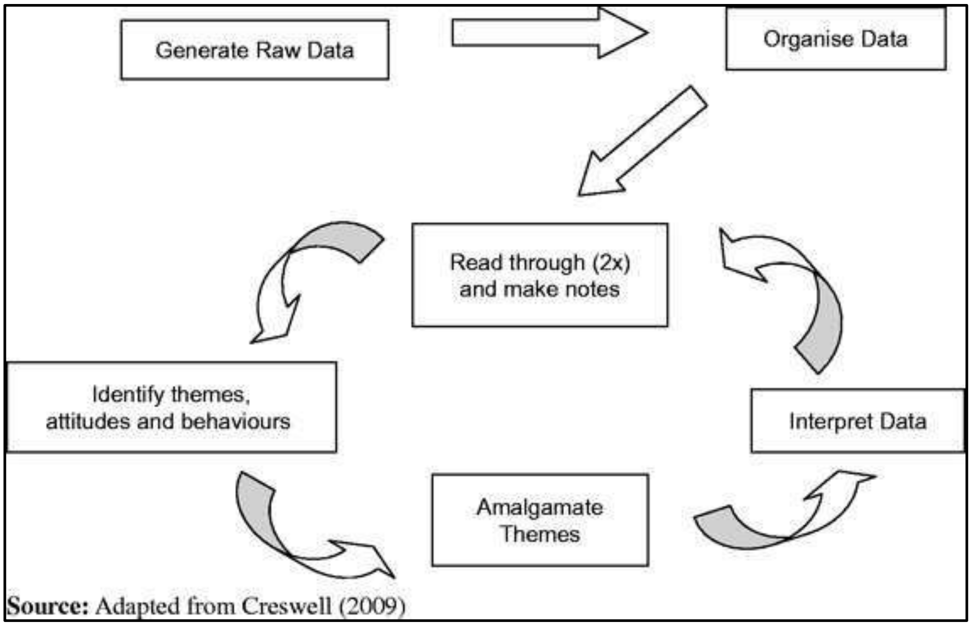
Additionally, the results were then presented in tables and pie charts. Moreover, this approach was deemed appropriate for this study as it enabled the researcher to establish the relationship between the study variables, determine the direction of the relationship whether it was negative or positive and also the strength of that relationship. Moreover, this method was in line with objectives of the study which sought to establish relationship between variables without establishing causality. Furthermore, the method was compatible with the type of data that was collected which was categorical and non-parametric.

3.8.2.2 Qualitative Data Analysis

The importance of qualitative data analysis cannot be overemphasized as observed by Maguire and Delahunt (2017, p. 3351) that "Data analysis is central to credible qualitative research". Moreover, Ayre and McCaffery (2022) contend that qualitative data analysis is important in applied research and crucial in giving special insights into the experiences of people. However, Khokhar, Pathan, Raheem, & Abbasi (2020) warn of the complexity of the data analysis technique and assert that it requires an extensive understanding of all the stages involved in the qualitative data analysis process as demonstrated in figure 3.7 below:

Figure 3.7

Stages of Qualitative Data Analysis



Note: Adapted from the Stages of QDA by Creswell, 2009 cited in Khokhar et al., 2020, p. 426

Moreover, there are a number of qualitative data analysis methods available to researchers: "narrative analysis, content analysis, discourse analysis and thematic analysis" (Dawson, 2002; Saunders et al., 2009; Taherdoost, 2022). Consequently, all data analysis techniques are important in different circumstances and no one technique is superior to the others (Taherdoost, 2022). Moreover, narrative analysis is appropriate in analyzing data collected through storytelling by participants in their own words and worlds (Cowger & Tritz, 2021; Ntinda, 2020; Taherdoost, 2022). Additionally, according to Kamalu and Osisinwo (2015) discourse analysis involves the analysis of language in use. Moreover, content analysis is similar to thematic analysis and involves condensing data into themes or categories (Shava, Hleza, Tlou, Shouhiwa & Mathonsi, 2021).

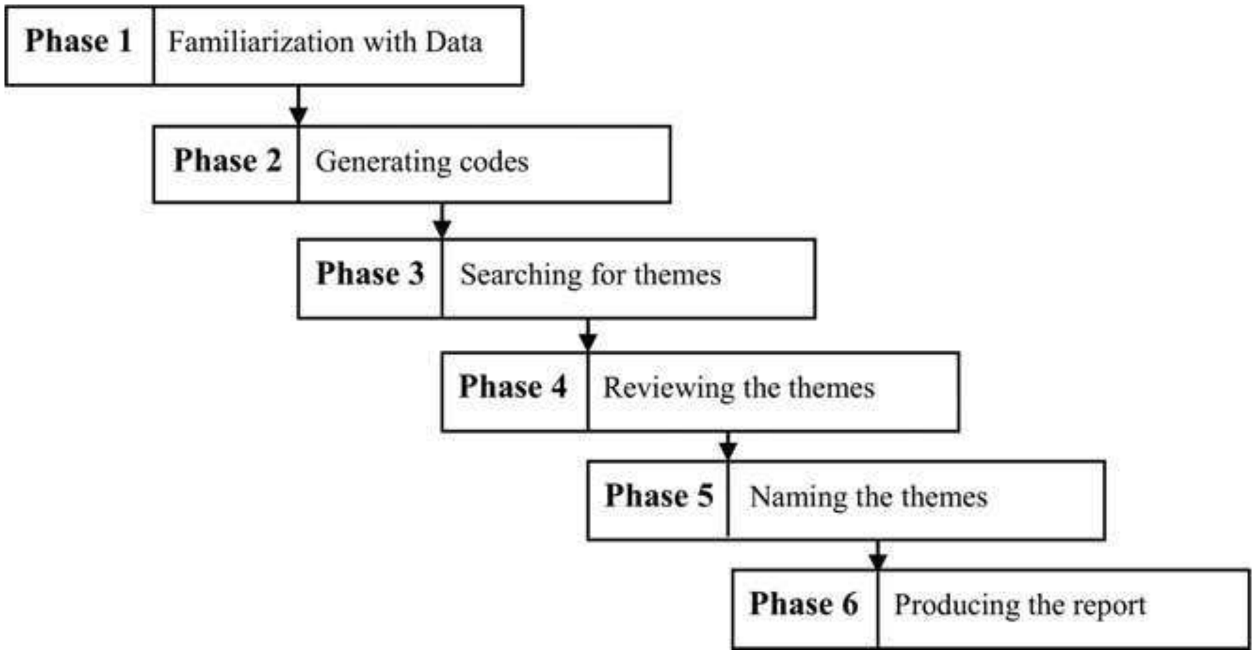
However, content analysis is based on inductive reasoning and data collected through in-depth face to face interviews (Shava et al., 2021). Additionally, Taherdoost (2022) contends that content analysis focuses mainly on frequencies & counting patterns and emanates from quantitative research approaches. In contrast, thematic analysis is a qualitative data analysis technique that analyzes data through themes or patterns and defined as "the process of identifying patterns or themes within qualitative data" (Maguire & Delahunt, 2017, p. 3352). Moreover, identifying themes or patterns is the main goal of thematic analysis and it is a flexible technique not tied to a specific theoretical perspective (Maguire & Delahunt, 2017).

Additionally, there are two categories of themes: "semantic and latent" (Maguire & Delahunt, 2017, p. 3352). Moreover, semantic themes focus specifically on what has been said, in contrast, latent themes go beyond what has been said. Furthermore, Braun and Clarke (2006, p. 12) categorize thematic analysis into two categories: "theoretical thematic analysis or deductive and inductive thematic analysis". Moreover, theoretical or deductive thematic analysis is guided by the research questions whereas inductive thematic analysis is guided by the data (Braun & Clarke, 2006).

Additionally, Braun and Clarke (2006, p. 16 - 23) developed a user friendly framework under the six stages of thematic analysis: "familiarizing yourself with your data, generating initial codes, searching for themes, reviewing the themes, defining & naming themes and providing the report". The six stages of thematic analysis are well-articulated in figure 3.8 below:

Figure 3.8

Phases of Coding in Thematic Analysis



Note: Adapted from the Phases of Coding in Thematic Analysis, by Gibbs, 2007 cited in Khokhar et al., 2020, p. 426

Consequently, familiarization with data forms an important stage of thematic analysis and provides a solid foundation of the entire analysis (Braun & Clarke, 2006). Moreover, this stage involves reading the data several times and critical in ensuring familiarity with the content of the transcripts and involves taking notes of first impression of codes relevant or interesting in answering the research question. Additionally, Braun and Clarke (2006) recommend that a researcher should read the entire data set at least once before starting the coding process. Similarly, Maguire and Delahunt (2017, p. 3355) emphasizes the importance of familiarizing yourself with your data in thematic analysis and assert that “You should be very familiar with your entire body of data or data corpus (i.e. all the interviews and any other data you may be using) before you go any further”.

Moreover, Braun and Clarke (2006) warn that data collected through interviews, political speeches or television programmes needs to be transcribed in order to be compatible with thematic analysis. As a result, personally transcribing an interview recording becomes imperative in immersing yourself with the data and ensuring familiarity with its contents.

Furthermore, the development of initial codes constitutes the second phase of thematic analysis and involves reducing data into small blocks of meaning (Maguire & Delahunt, 2017). Additionally, the approach adopted (deductive or inductive) has a massive influence on coding the data (Maguire & Delahunt, 2017). As a result, where deductive approach has been adopted data is coded in relation to its relevance to the research question whereas the inductive approach requires that coding is done line by line (Maguire & Delahunt, 2017). Furthermore, coding could be done in two ways: "open coding and pre-set coding" (Maguire & Delahunt, 2017). Moreover, open coding allows codes to be developed during the analysis process whereas pre-set coding involves the use of predetermined codes.

Additionally, Khokhar et al. (2020) emphasize the importance developing code categories and assert that such categories play an important role in grouping together similar codes and critical in addressing issues of redundancy and repetition. Moreover, Braun and Clarke (2006) assert that data coding could be performed manually and through the use of a computer. Consequently, manual coding could be done using highlighters, post-it note or writing notes on the text (Braun & Clarke, 2006). In contrast, coding through a computer involves the use of different software: "ATLAS, Nvivo, Microsoft Excel" (Maguire & Delahunt, 2017, p. 3356). However, Microsoft word has also proven to be appropriate in coding data for qualitative data analysis purpose (Bree & Gallagher, 2016 cited in Maguire & Delahunt, 2017).

Furthermore, searching for themes from the coded data becomes important in phase 3 of the thematic analysis and involves arrangement of codes into potential themes. Moreover, a theme is any specimen representing a fascinating feature relating to a research question (Maguire & Delahunt, 2017). Additionally, according to Braun and Clarke (2006) there are no specific criteria to identify a theme, as a result, they warn against leaving out potential themes and recommend the use of miscellaneous themes where codes do not fit into one theme.

Additionally, phase 4 of the thematic analysis involves checking potential themes if they do make sense, are supported by data, if they are distinct, there are no sub themes, codes are not congested into one theme and there are no other themes. Moreover, the phase on the review of themes may lead into the development of new themes and grouping potential themes (Braun & Clarke, 2006). Additionally, defining and naming themes involves extracting a deeper meaning of each theme (Braun & Clarke, 2006). Moreover, phase 6 of the thematic analysis involves issuing a report on the themes identified from the data.

Significantly, according to a multitude of researchers thematic analysis is the most popular technique in qualitative data analysis (Kiger & Varpio, 2020; Lochmiller, 2021). Moreover, in a study conducted by Dewadi (2020) in Nepal thematic analysis was recommended as the most appropriate qualitative data analysis technique to English language teaching (ELT) practitioners. Additionally, this technique is widely used in research and in different disciplines (Salluh, Ali, Mohd-Yusuf & Jamaluddin 2021; Xu & Zammit, 2020).

Therefore, qualitative data collected from financial institutions was analyzed through thematic analysis following the six phases of thematic analysis: "familiarizing yourself with your data, generating initial codes, searching for themes, reviewing themes, defining & naming themes and producing the report" (Braun & Clarke, 2006, p. 16 - 23). Moreover, theoretical thematic analysis or deductive approach was adopted, open coding used and themes were identified at semantic level focusing specifically on what participants have said. Consequently, all recordings were transcribed by the researcher and this exercise was very important in immensing myself with the data. Additionally, transcripts were checked several times for errors and completeness against the recordings before they were deleted. Moreover, the transcripts were shared with the relevant participants in order to ensure credibility of the data.

Furthermore, the data analysis process then commenced with the researcher reading all the transcripts several times for familiarization with the contents and issues of first impression were noted and recorded. Moreover, all transcripts were then coded in Microsoft Word using highlighters in the software and the theoretical or deductive approach was adopted hence this process was guided by the research questions. As a result, all themes relating to the research question were coded and open codes were used. Additionally, code categories were then created in order to ensure that similar codes arising from the different transcripts were grouped together and this exercise was very important in mitigating issues of redundancy and repetition.

Consequently, themes were then identified from the code categories. Moreover, reviewing the generated themes became the next step of the data analysis process and was very important in ensuring that the themes are distinct, supported by data, make sense, no other themes and they are not congested into one theme. Additionally, naming the themes and producing the report became the last step of the data analysis.

Futhermore, qualitative results were presented guided by the research questions and themes were reported verbatim in order to ensure authenticity of the results. Significantly, this data analysis technique was deemed appropriate for this study as it was able to reveal rich information and provide a stronger understanding of the research problem.

Summary

This is a cross sectional study grounded in the pragmatism research philosophy, deductive & inductive research approach. Moreover, descriptive & explanatory research purpose, survey research strategy and mixed methods research methodology convergent design was adopted for this study. As a result, both quantitative and qualitative data were collected for this study. Consequently, the target population comprised MSMEs and financial institutions (banks and development finance institutions). Moreover, quantitative data was collected from MSMEs whereas qualitative data was collected from financial institutions. As a result, based on an accurate, reliable and up to date sampling frame obtained from the Municipality of Mbabane a total of 566 MSMEs in Mbabane together with all four banks operating in the country and two development finance institutions constitute the target population of this study.

Consequently, an optimum sample size for MSMEs was determined using the University requirement of 1/3 of the target population whereas all banks and development finance institutions were purposively requested to participate in the study. Moreover, probability sampling design and stratified random sampling approach were adopted in selecting the sample from MSMEs and all banks and development finance institutions were purposively requested to participate in this study. Additionally, MSME participants were selected from each strata using the simple random sampling technique, online random number generator and sampling with replacement in order to ensure that the principle of randomization was maintained.

Consequently, quantitative data was collected from MSMEs through structured questionnaires with closed ended questions and administered face to face whereas qualitative data was collected through semi structured interviews guided by an interview schedule through Skype or face to face. Moreover, the questionnaire was tested for validity and reliability with colleagues requested to assists with face validity, professional researchers requested to assist with testing content validity. Additionally, Cronbach‟s Alpha was used to test the reliability of the questionnaire. Additionally, the questionnaire was pilot tested to ten participants who were selected from the study population testing face and content validity.

Moreover, the trustworthiness of the qualitative data was achieved through clearly explaining all study procedures followed in the data collection process as well as all ethical principles observed in order to ensure reliability and transferability. Additionally, credibility of the data was ensured through member checking or sharing transcripts with relevant participants for their comments. Moreover, confirmability was ensured through sharing transcripts with professional researchers. Furthermore, authenticity of the data was ensured through reporting themes verbatim.

Furthermore, all study variables were operational defined in order to ensure that all readers of the thesis were on the same page with regards to their definition. Moreover, in analyzing quantitative data from MSMEs the seven stages of data analysis by (Sreejesh et al., 2014, p. 164) were adopted: “validation, editing, coding, data entry, data cleaning, tabulation & analysis”. Consequently, descriptive and inferential statistics was used to analyze quantitative data and the results were presented in statistical tables and pie charts. Moreover, Spearman‟s rho was used to establish relationship between the study variables through PSPP software.

In contrast, qualitative data was analyzed through thematic analysis following (Braun & Clarke, 2006, p. 16 - 24) six phases thematic analysis: “familiarizing yourself with your data, generating initial codes, searching for themes, reviewing themes, defining and naming themes and producing the report”. Moreover, the deductive or theoretical approach was adopted, open codes were used and themes identified at semantic level focusing specifically on what participants had said. Additionally, themes were reported verbatim in order to ensure authenticity of the reults.

CHAPTER 4: DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction

The purpose of the study is to explore the barriers impeding access to finance for micro, small and medium enterprises (MSMEs) in Mbabane the Kingdom of Eswatini through a study that aims to draw comments from both sides of the credit system: supply (banks and development finance institutions) and demand (MSMEs). Moreover, this chapter extensively discusses the measures adopted to ensure trustworthiness of the data, the data analysis process, present the results and their interpretation.

4.2 Trustworthiness of Data

Trustworthiness of data is imperative in qualitative research and critical in enhancing the confidence of the reader in trusting the work that has been reported (Stahl & King, 2020). Moreover, Korstjens and Moser (2018, p. 121) contends that trustworthiness plays an important role in ensuring that the findings of a research study can be trusted and assert that it poses a question that “Can the findings be trusted?”. Additionally, Enworo (2023, p. 372) emphasizes the importance of testing the quality of a research study and asserts that “The importance of evaluation of the quality of a research cannot be overemphasized”. Consequently, a research study that lacks trustworthiness is of no value and may lead to dangerous outcomes if adopted for policy interventions (Morse et al., 2002 cited in Enworo, 2023; Tierney & Clemens 2010 cited in Enworo, 2023).

However, the criteria used in quantitative research to test the validity and reliability of data is not suitable in qualitative research, as a result, the four dimensions that were developed by Lincoln and Guba are adopted: “credibility, dependability, confirmability and transferability” (Nyirenda, Kumar, Theobald, Sarker, Simwinga, Kumwenda, Johnson, Hatzold, Corbett, Sibanda & Taegtmeyer, 2020, p. 2). Additionally, authenticity was added as a fifth dimension by Lincoln and Guba in 1986 after noticing some loopholes in the four dimensions which focused mainly on the methodological aspect and not taking into account the effects of context (Amin et al., 2020; van Haastrecht, Brinkhuis, Peichl, Remmele & Spruit, 2023).

Consequently, credibility is concerned with the congruence of the study findings and the reality, and crucial in establishing whether the views of the participants have been presented accordingly (Nyirenda et al., 2020; Stahl & King, 2020). Moreover, Nyirenda et al. (2020, p. 2) highlight the strategies for establishing credibility: “prolonged engagement, triangulation, saturation, rapport building, iterative questioning, member checking and inclusive coding”. However, Korstjens and Moser (2018) note the importance of choosing the most appropriate strategies during the design stage of a study and assert that some strategies may not be suitable for a particular research.

Additionally, dependability is concerned with the replication of the study and critical in establishing the extent to which the study can be copied by other researchers (Nyirenda et al., 2020). Moreover, Korstjens and Moser (2018) contends that dependability relates to consistency and could be established through the recording of all activities of the entire research or maintaining an audit trail of all activities of the research process. Furthermore, confirmability is concerned with the neutrality of the researcher when interpreting the findings of a study and crucial in ensuring that the findings are free from bias.

Moreover, Stahl and King (2020) contends that confirmability refers to the extent to which a researcher maintains objectivity in conduting the research study and assert that it could be established through ensuring precision & accuracy throughout the entire research process as well as the involvement of other researchers. Furthermore, transferability is concerned with the extent to which the study findings could be applied to other contexts and could be established through clearly describing the study assumptions and context (Nyirenda et al., 2020). Moreover, Korstjens and Moser (2018, p. 122) assert that sufficiently describing the entire research process including the particpants is the responsibility of the researcher and imperative in enabling readers to make their "transferability judgement".

Futhermore, Cristancho, Watling and Lingard (2021) cite authenticity as one of the principles of presenting a successful results section in qualitative research and assert that it could be achieved through the selection of appropriate quotations that constitute the patterns of data, compactiness and illustrating the point being made. Moreover, according to Lingard (2019, p. 360) the principle of authenticity seeks to answer the following question: "does the quote offer readers first hand access to dominant patterns in the data?" Consequently, Noble and Smith (2015) cited in Eldh, Arestedt and Bartero (2020) recommend the inclusion of participants" verbatim quotations in supporting the research findings. Moreover, Lingard (2019, p. 361) note the importance of presenting quotes verbatim in qualitative research and asserts that "There is general agreement among qualitative scholars that quotes should be presented verbatim as much as possible".

Therefore, in this study trusthworthiness was achieved through the adoption of all the five dimensions or criteria: credibility, dependability, confirmability, transferability and authenticity (Eldh et al., 2020; van Haastrecht et al., 2023).

4.2.1 Credibility

Credibility in this study was achieved through prolonged engagement, triangulation, persistent observation and member checking (Amin et al., 2020). Moreover, prolonged engagement involves among others the amount of time spent with the participants during an interview or observation and the time invested in familiarizing yourself with the data in order to be able to extract rich data (Lincoln & Guba, 1985 cited in Korstjens & Moser, 2018). Additionally, Lincoln and Guba contend that there is no specific amount time enough for prolonged engagement and opine that it is relative, however, they assert that there are signs that could indicate the achievement of this concept including building trust with participants (Amin et al., 2020).

Moreover, triangulation involves the use of different sources of information or approaches from a particular field to continue establishing recognizable patterns and important in enabling the examination of a research question from a variety of perspectives or areas (Stahl & King, 2020). Additionally, Amin et al. (2020, p. 1475) categorize triangulation into four categories: "methodological triangulation, data triangulation, investigator triangulation and theoretical triangulation". Consequently, methodological triangulation involves the adoption of more than one method or approach and crucial in capitalizing on the strengths of each approach and compensating for their weaknesses (Amin et al., 2020).

Additionally, Stahl & King, 2020) assert that data triangulation involves the use of data from different sources to establish findings. Moreover, Amin et al. (2020) contends that data triangulation promotes the collection data using different sampling techniques or approaches. Futhermore, investigator triangulation involves using more than one researcher to establish study findings (Stahl & King, 2020).

Moreover, Amin et al. (2020) contends that theoretical triangulation involves the use of a variety of frameworks to examine a single data set. Furthermore, persistent observation involves a process of consistently observing data and crucial in helping the researcher become aware of issues that are important in answering the research questions, directing focus on them and examine them further. Moreover, member checking involves sharing transcripts or pre-publication copies with participants for their comments and crucial in enhancing the accuracy of the data (Amin et al., 2020; Stahl & King, 2020).

Additionally, Lincoln and Guba (1985) cited in Amin et al. (2020) assert that member checking could be performed formal or informal. Consequently, informal is immediate, less structured and involves sharing transcripts with participants, in contrast, formal is more structured and requires a member checking team. Moreover, Stahl and King (2020) assert that member checking could also be performed through face to face interviews with (Enworo, 2023) providing a clear example of this approach.

4.2.1.1 Prolonged Engagement

Prolonged engagement was considered during data collection and analysis phases in this study. Moreover, clearly crafted questions pertaining to the study variables (collateral, financial literacy, information asymmetry and firm & owner or manager characteristics) were asked from the participants, supporting responses or participant‟s statements with examples was encouraged and followup questions were asked from the participants for clarity and improved data quality (Korstjens & Moser, 2018). Additionally, the study interviews lasted for just over twenty minutes per interview and whilst Lincoln and Guba opine that the amount time required for prolonged engagement is relative establishing trust with the participants was accepted as the best sign of having achieved prolonged engagement (Amin et al., 2020).

Futhermore, transcribing interview recordings was important in immersing the researcher with the data and also reading the transcripts several times during data analysis until themes emerged was crucial in familiarizing the researcher with the data corpus (Dawadi, 2020).

4.2.1.2 Triangulation

Triangulation was achieved through the adoption of the mixed methods research methodology convergent design which enabled the collection of both quantitative and qualitative data from different sources, using different data collection & analysis methods or techniques (Eldh et al., 2020). Consequently, quantitative data was collected from MSMEs through structured questionnaires with closed ended questions and qualitative data collected from financial institutions through semi structured interviews guided by an interview schedule. Additionally, quantitative data was analyzed for both descriptive & inferential statistics through PSPP software and thematic analysis used to analyze qualitative data. As a result, triangulation was achieved through methodological triangulation and data triangulation (Stahl & King, 2020).

4.2.1.3 Persistent Observation

Persistent observation was achieved through constantly reading the data from the transcripts during the performance of the thematic analysis including coding the data through highlighting & creating code categories, searching for themes from all the transcripts, evaluating the themes to ensure that they were supported by data and were distinct (Korstjens & Moser, 2018). Moreover, this process was very important in enabling the researcher to be cognizant of the important factors relating to the research questions and was crucial in shaping the focus of the analysis (Amin et al., 2020). Consequently, all identified salient factors were recorded and they were further explored in great detail in order to come up with distinct themes (Amin et al., 2020).

4.2.1.4 Member Checking

Member checking in this study was achieved through sharing transcripts with the relevant participants through emails for their comments and this process was important in affording participants the opportunity to correct mistakes, offer context, recalling additional ideas/points, check meaning and intentions (Amin et al., 2020). Moreover, whilst Stahl and King (2020) contend that the process could be done face to face the email platform was deemed appropriate because it allowed the participants theopportunity to peruse through all the transcripts and apply their minds at a time convenient to them considering their ever-hectic schedule in view of their positions as heads of MSME department.

Additionally, the literacy level of the participants including their computer literacy was also considered and deemed appropriate in meeting the requirements of the process of written member checking (Korstjens & Moser, 2018). Moreover, feedback from participants was closely scrutinized and where neccessary appropriate changes were made to the transcripts. As a result, this process was very important in improving the quality of the data and critical in ensuring that participant statements were correctly interpreted and understood by the researcher (Enworo, 2023).

4.2.2 Dependability

Dependability in the study was achieved through clearly articulating the context of the study and all the stages of the research process aimed at enabling the replication of the study by other researchers (Nyirenda et al., 2020). Consequently, from the research proposal stage throughout the entire research process the context or aspects of the study were extensively discussed in rich detail including the research topic, problem statement, aim & purpose, objectives, research questions & hypothesis, the literature review, the research methodology & design, the study population, sampling strategies, data collection methods and analysis techniques (Enworo, 2023). Significantly, the University Research Ethics Committee (UREC) played an important role in highlighting areas of the study that required further elucidation during the review of the application process for ethics approval (Enworo, 2023).

4.2.3 Confirmability

Confirmability in this study was achieved through the avoidance of subjective selectivity during data collection and analysis phases in order to ensure that bias was avoided in the findings (Nyirenda et al., 2020). Consequently, ensuring accuracy & completeness in the collection of data was prioritized and this was enhanced through the recording of the entire interviews using a voice recorder, transcribing the recording verbatim, fully and accurately without any editing (Eldh et al., 2020). Additionally, all transcripts were checked several times against the recordings for completeness, errors and interpretation before they were discarded (Amin et al., 2020). Furthermore, subjective selectivity was also avoided during data analysis phase and this was enhanced through reading all the transcripts several times, using open coding and the findings reported fully whether negative or positive (Nyirenda et al., 2020).

Additionally, ensuring neutrality in the entire research process was a priority and this was achieved through ensuring that all interpretations of the results were based on the data as opposed to the views or opinions of the researcher (Eldh et al., 2020; Korstjens & Moser, 2018). Furthermore, in order to demonstrate that the findings did no come from the ideas or imagination of the researcher, the results were reported with verbatim quotations from the transcripts (Enworo, 2023). Significantly, the involvement of professional researchers was crucial in ensuring confirmability of the data and this was achieved through sharing all coded transcripts with research practitioners for their comments on the codes as well as the identified themes particularly on whether they were distinct and supported by the data (Stahl & King, 2020).

4.2.4 Transferability

Transferability in this study was achieved through extensive discussion or provision of thick description of the entire research process which would enable other researchers to make their transferability judgement (Stahl & King, 2020). Morover, this process was enchanced through ensuring that all stages of the research process from the research topic to the reporting of the findings was extensively described and this process was very important in enabling the reader to determine the depth of both the data and analysis process as well as informing their decision pertaining to the context at which the study could be transferred (Amin et al., 2020). Significantly, the comprehensive evaluation of the entire research study by UREC during the ethics approval applications was imperative in highlighting areas where further elaboration was required (Enworo, 2023).

4.2.5 Authenticity

Authenticity in this study was achieved through the presentation of the qualitative results supported with verbatim quotations extracted from the transcripts and this process was very important in ensuring that readers are afforded first hand access to the dominant patterns in the data (Cristancho et al., 2021). Moreover, reporting the study variables verbatim without any editing was important in improving the trustworthiness of the data and enhancing the confidence of readers in believing that the results are genuine without violating the principle of authenticity (Cristancho et al., 2021). Additionally, studies by Mc Peake, Hibbert, Butcher, Hope, Kloos, McTavish, Quasin, Wade, Netzer, Iwashyna and Sevin (2020); Rantlha (2017) provided an important example for the application of this approach.

4.3 Reliability and Validity of Data

Validity and reliability of data are important in every research study and critical in determining a good research analysis and results (Zelalem & Wabante, 2019). Moreover, Surucu and Maslakci (2020) contend that “The Validity and Reliability of the scales used in research are essential factors that enable the research to yield beneficial results”. Similarly, Rozali et al. (2022) assert that both concepts are important in improving the quality of a questionnaire. Additionally, Belson (2006) cited in Idigo (2021) emphasizes the importance of validity and reliability in minimizing measurement errors in a research study. Consequently, testing the validity and reliability of a data collection instrument becomes imperative in ensuring that valid and reliable data is collected (Changwesha, 2019).

4.3.1 Validity

According to Changwesha (2019) validity is concerned with whether the data collection instrument is measuring what it purports to measure or not. Moreover, Rozali et al. (2022) contend validity plays an important role in assisting a researcher in determining the appropriateness of a questionnaire for a study particularly the extent to which it is good or not. Furthermore, Idigo (2021) categorizes validity into internal & external validity and emphasizes the importance of testing both in coming out with an accurate data collection tool. Additionally, internal validity plays an important role in attempting to minimize the number of intervening variables in a research study (Idigo, 2021).

Moreover, according to Roy, Sukumar, Philip and Gopalakrishna (2023, p. 6 - 7) there are four kinds of validity: "face, content, construct and criterion". Consequently, face validity involves testing the validity of an instrument at face value (Roy et al., 2023). Moreover, Desai and Patel (2020) contend that there are no specific criteria for choosing the people or panelists to assist with face validity. Additionally, Allen, Robson and Iliescu (2023) assert that face validity could also be tested through a pilot study that could be conducted through face to face interviews or questionnaires. Futhermore, content validity refers to the extent to which an instrument covers a full range of items required in measuring a particular construct (Roy et al., 2023).

Moreover, Allen et al. (2023) assert that seeking expert‟s opinion on the sufficience of the items in measuring the relevant construct is the most appropriate test of content validity. Additionally, Desai and Patel (2020) assert that criterion validity involves testing the prediction between data collection instruments. Moreover, according to Desai and Patel (2020) construct validity refers to the extent to which a construct measures what it is supposed to measure.

Therefore, face and content validity were adopted in this study and achieved through requesting collegues to assist with face validity and professional researchers to assist with content validity (Changwesha, 2019; Desai & Patel, 2020). Additionally, the questionnaire was pilot tested to ten participants who were selected from the study population but later excluded from the final sample and this approach was very important in establishing face and content validity of the instrument (Fatoki, 2021). Morover, the feedback from the participants was very important in indicating the extent of the relevance, complexity and understandability of the research questions to them.

Furthermore, according to Idigo (2021) external validity is concerned with the generalizability of study findings to other context or areas and its determination requires that a study sample is drawn from a well defined target population using random sampling approaches. Consequently, the adoption of the probability sampling design and stratified random sampling approach applied on a reliable, up to date and well defined list of MSMEs obtained from the Municipality of Mbabane were critical in achieving external validity of the instrument (Idigo, 2021).

4.3.2 Reliability

Reliability is concerned with the consistency of a data collection instrument in producing similar results on repeated occasions under similar conditions and critical in ensuring reliability of data in a research study (Idigo, 2021). Moreover, Thomson (2003) cited in Idigo (2021) contends that testing the reliability of an instrument should be conducted using data collected by the researcher and not assumptions made during the development of the instrument. Additionally, Shodiya and Adekunle (2022, p. 716) highlight four methods of testing the reliability of an instrument: “test-retest, inter-rater, parallel-forms and internal consistency”.

Consequently, test-retest involves administering an instrument more than once at different occasions on the same participants and comparing the results (Shodiya & Adekunle, 2022). Moverover, according to Shodiya and Adekunle (2022) inter-rater reliability involves testing the reliability of an instrument by more than one rater. Additionally, parallel-form reliability is similar to test-retest however it involves using two different or alternative methods of testing the reliability of an instrument and applied more than once on the same concept at different occasions (Shodiya & Adekunle, 2022).

Furthermore, internal consistency involves testing whether all the items in questionnaire are measuring the same concept and appropriate on questions prepare in a Likert scale format (Shodiya & Adekunle, 2022). Moreover, there are three methods or approaches to measure the internal consistency of a questionnaire: "average inter-item correlation, split half and Cronbach‟s apha" (Shodiya & Adekunle, 2022, p. 716 - 718). However, Jaghsi et al (2021) contend that Cronbach‟s alpha is the most popular method for testing the internal consistency of a questionnaire. As a result, this method has been used in a number of studies (Buchdadi et al., 2020; Fatoki, 2021; Ratnawati, 2020; Swiecka et al., 2020).

Moreover, Hasan and Hoque (2021) state that the test values of a realibility test in Cronbach‟s alpha ranges between 0 - 1 with higher scores showing good reliability. Additionally, Rozali et al. (2022) assert that the cutoff score of the reliability test in Cronbach‟s alpha is .6 meaning that scores above .6 are acceptable with scores above .8 categorized as excellent. Consequently, in this study Cronbach‟a alpha was adopted in testing the reliability of the questionnaire with a score of .82 reported and the questionnaire was deemed reliable (Rozali et al., 2022). Moreover, section 1 of the questionnaire contained the demographic information and section 2 contained six questions structured in Likert scale which were subjected to the test.

4.3.2.1 Threats to Reliability

Threats to reliability cannot be ignored in any attempt to establish the trustworthiness of data irrespective of the discipline. Moreover, according to Robson (2002) cited in Saunders et al. (2009, p. 156 - 157) there are four threats to reliability: “subject or participant error, subject or participant bias, observer error and observer bias”. Consequently, demonstrating why these threats did not occur in this study became crucial in ensuring reliability of the data. Additionally, participant error is concerned with the timing of data collection whereas participant bias is concerned with participant trying to give answers that would look good to their superiors (Saunders et al., 2009).

Furthermore, observer error is concerned with having different ways of asking questions whereas observer bias is concerned with a number of choices to interpret a response. Therefore, in attempting to improve the trustworthiness of this research data all questionnaires were completed between 9am and 4pm on Mondays to Thursday, 9am to 1pm on Fridays, and weekends and lunch hour breaks were not used to collect any data. Moreover, in some cases the participants were allowed to advice on the appropriate time and an appointment made accordingly. Additionally, all interviews were schedule by the respective financial institution in line with dates and time convenient to them thus addressing subject or participant error.

Furthermore, establishing rapport with research participants became critical in trying to minimize the threat of subject or participant bias. Moreover, during data collection the purpose of the study was extensively explained to all participants including the ethical principles guiding the research study particularly issues of anonymity and confidentiality of participant information. Furthermore, the adoption of structured questionnaire with closed ended questions and semi-structured interviews was deemed appropriate in addressing issues of observer error.

Moreover, field checking of questionnaires and sharing of all interview transcripts with relevant participant for their comments played an important role in dealing with observer bias. Therefore, the next section of this chapter presents the data analysis process based on data that is considered to be of high quality and unquestionable trustworthiness.

4.4 Data Analysis

Data analysis is important in a research process and critical in informing the quality of the study results, interpretations and conclusions. Moreover, Maguire and Delahunt (2017, p. 3351) contend that "Data analysis is central to credible qualitative research". As a result, choosing an appropriate data analysis technique that would meet the requirements of the study became imperative in this study.

4.4.1 Quantitative Data Analysis

The seven stages of data analysis by Sreejesh et al. (2014, p. 164) which include "validation, editing, coding, data entry, data cleaning and tabulation" were adopted in analyzing quantitative data in this study. Moreover, PSPP software was used in analyzing the quantitative data and this software was deemed appropriate for the requirements of the study. Additionally, the software is similar to SPSS in many respects and contained all the required functions for this study (reliability test, descriptive analysis and Spearman‟s correlation). Consequently, all completed questionnaires were coded in PSPP software following all the categories required (name, type, width, decimal, label, value labels, missing values, measure). Additionally, reliability of the questionnaire was tested using Cronbach's Alpha in PSPP. Furthermore, frequency distribution of the data was determined using the PSPP software and presented in tables and pie charts using Microsoft Excel. Moreover, Spearman‟s correlation was used to establish the relationship between the study variables and coefficients presented

4.4.2 Qualitative Data Analysis

Thematic analysis approach was adopted in analyzing qualitative data in this research and following the six phases of thematic analysis by (Braun & Clarke, 2006, p. 16 - 24) which include: "familiarizing yourself with your data, generating initial codes, searching for themes, reviewing themes, defining and naming themes and producing the report". Moreover, this approach was deemed appropriate for this study because of the richness of the information it extracts from research data. Consequently, recordings of participant responses to the interview questions were transcribed verbatim by the researcher to ensure improved quality of analysis. Moreover, the deductive or theoretical thematic analysis approach was adopted in the study as it was guided by the research question.

Additionally, themes were identified at semantic level focusing on what participants have said. As a result, four interview transcripts were read several times in order to ensure familiarity with the data and notes of early impressions were taken. Furthermore, Microsoft Word was utilized to code data transcripts using highlighters in the program. Moreover, only data relevant to the research question was coded and open codes were used. Additionally, all codes were examined in search of themes, identified themes were review and all data associated with a theme grouped together using colour shading from Microsoft Word. Significantly, defining and naming of themes was performed and a report produced by the researcher.

Consequently, following the completion of the data analysis phase presentation of the study results had to follow. However, in line with the research methodology the presentation of the study results was of both quantitative and qualitative nature. Moreover, descriptive and inferential statistics were adopted in presenting the findings from quantitative data whereas themes were used in presenting the study findings from qualitative data. Therefore, the following section of this chapter presents the results of the study.

4.5 Results

This study adopted the mixed methods research methodology and covergent design. Consequently, both quantitative and qualitative data were collected and analyzed. Therefore, the results of the study were reported for both quantitative and qualitative perspectives.

4.5.1 Quantitative Results

Quatitative results presented in tables and pie charts which were developed from Microsoft Excel and Microsoft word in order to enhance the understanding of the results.

4.5.1.1 Response Rate

The study sample was a total of 194 items which included 188 MSMEs and 6 financial institutions (4 banks and 2 development finance institutions). Consequently, a total of 163 items (159 MSMEs and 4 financial institutions) participated in the study representing a response rate of 84%. Significantly, the response rate was deemed remarkable considering the effects of the Covid-19 pandemic and also the fact that financial institutions in the country are guided by very strong policies regarding sharing of their information. Additionally, the response rate was above the acceptable treshhold of 50%. Consequently, the response rate is well articulated in table 4.1 below.

Table 4.1

Response Rate

Participants/respondents	**Sample**	**Number of participants**	**Response rate**
Micro Small Medium Enterprises (MSMEs)	188	159	
Financial Institutions (Banks, FINCORP and IDCE)	6	4	
TOTAL	194	163	163/194 x 100 **84%**

4.5.1.2 Demographic Information

4.5.1.2.1 MSME by Legal Status

Participants were requested to state the legal status of their business. Moreover, 65% reported that their businesses were companies, 24% were sole traders and 11% were partnerships (N=188). Additionally, figure 4.1 and table 4.2 shows a clear representation of the study results on the legal status of MSMEs studied.

Figure 4.1

Frequency Distribution: MSME by Legal Status

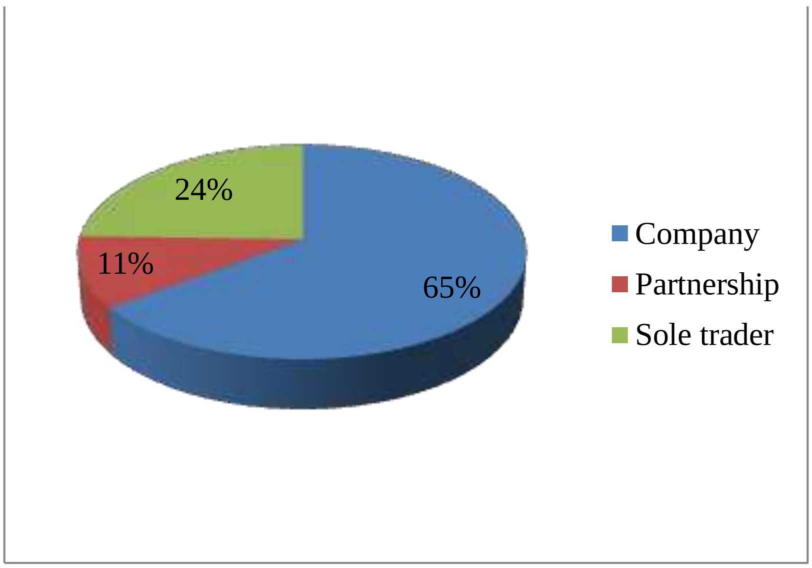


Table 4.2

Frequency Distribution: MSME by Legal Status

Legal status	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Company	1	103	65	65	65
Partnership	2	17	11	11	76
Sole trader	3	39	24	24	100
		159	**100**	**100**	

4.5.1.2.2 MSME by Business Sector

Participants were requested to state the sector in which their businesses were involved. Moreover, 56% businesses reported that they were in the services sector, 28% were in wholesale and retail, 9% were in construction, 4% were in hotel and restaurants and 3% were in manufacturing (N=188). Additionally, figure 4.2 and table 4.3 clearly shows a representation of the study results regarding the sector in which MSMEs studied operated.

Figure 4.2

Frequency Distribution: MSME by Business Sector

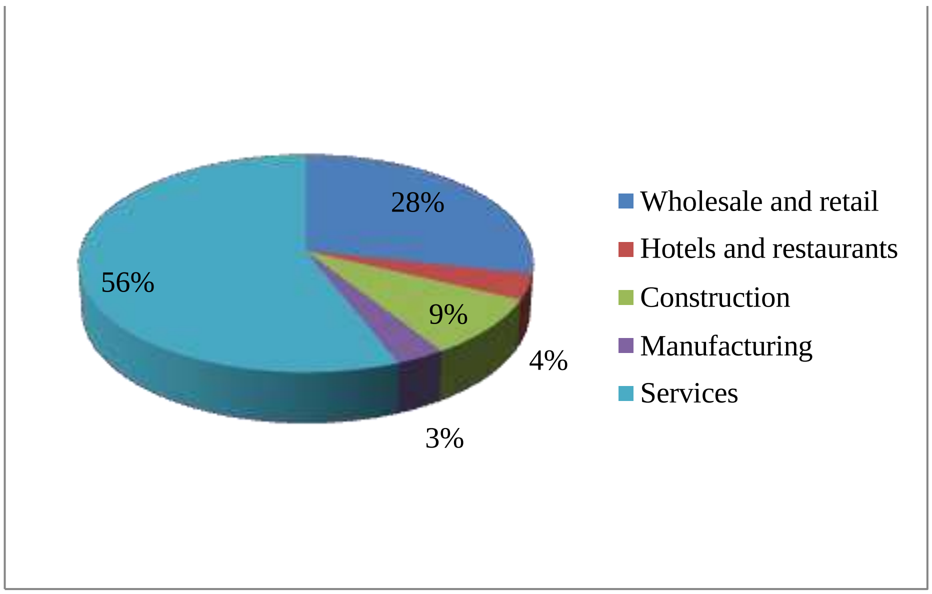


Table 4.3

Frequency Distribution: MSME by Business Sector

Business sector	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Wholesale and retail	1	45	28	28	28
Hotels and restaurants	2	6	4	4	32
Construction	3	14	9	9	41
Manufacturing	4	5	3	3	44
Services	5	89	56	56	100
		159	**100**	**100**	

4.5.1.2.3 MSME by Business Source of Startup Capital

Participants were requested to state their source of startup capital. Moreover, 84% reported that they used personal savings, funds from family and friends, 2% used funds from informal credit and 14% used funds from Bank/IDCE/FINCORP (N=188). Additionally, figure 4.3 and table 4.4 shows a clear representation of the source of startup capital used by MSMEs studied.

Figure 4.3

Frequency Distribution: MSME by Source of Startup Capital

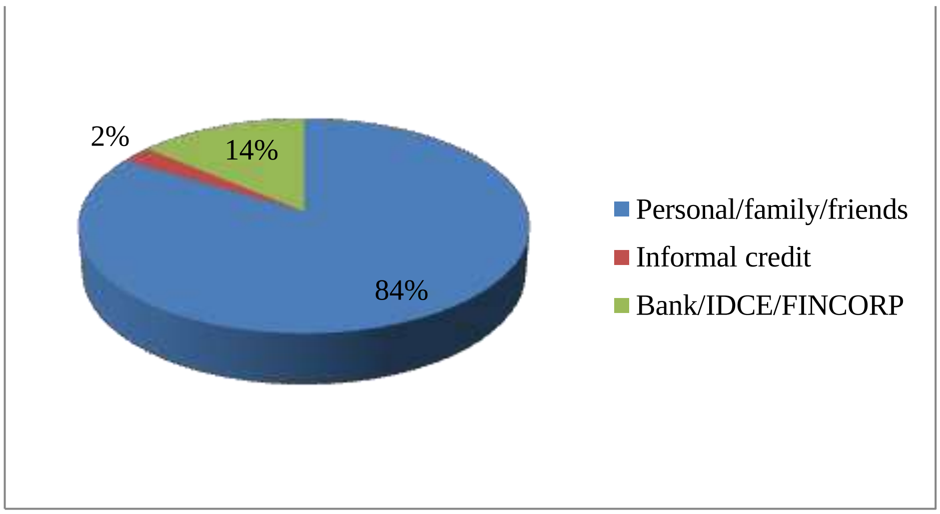


Table 4.4

Frequency Distribution: MSME by Source of Startup Capital

Source of startup capital	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Personal/family/friends	1	133	84	84	83
Informal credit	2	4	2	2	86
Bank/IDCE/FINCORP	3	22	14	14	100
		159	**100**	**100**	

4.5.1.2.4 MSME by Reason for Choice of Startup Capital

Participants were requested to state their reason for the choice of source of startup capital. Moreover, 67% reported that their choice was influenced by their preferred choice, 19% by lack of credit from Banks/IDCE/FINCORP and 14% were not applicable because they had received credit from Banks/IDCE/FINCORP (N=188). Additionally, figure 4.4 and table 4.5 shows a clear representation of the results regarding the reason for the choice of startup capital by MSMEs studied.

Figure 4.4

Frequency Distribution: MSME by Reason for Choice of Startup Capital

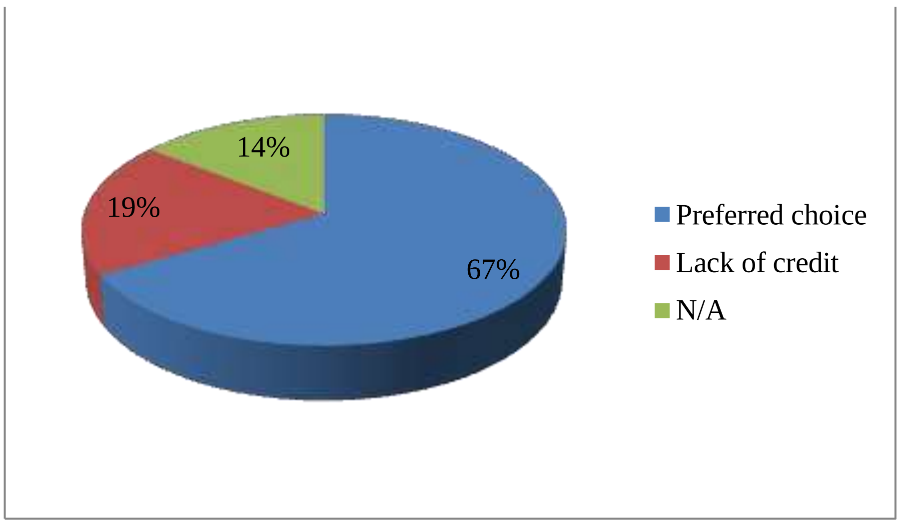


Table 4.5

Frequency Distribution: MSME by Reason for Choice of Capital

Reason for choosing source of capital	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Preferred choice	1	106	67	67	67
Lack of credit	2	30	19	19	86
N/A (credit received)	3	23	14	14	100
		159	**100**	**100**	

4.5.1.2.5 MSME by Age of the Business

Participants were requested to state the age of their businesses. Moreover, 31% reported that their businesses were 0 to 4 years old, 25% were 5 to 10 years old and 44% were 11 years or older (N=188). Additionally, figure 4.5 and table 4.6 shows a clear representation of the results regarding the age of MSMEs studied.

Figure 4.5

Frequency Distribution: MSME by Age of the Business

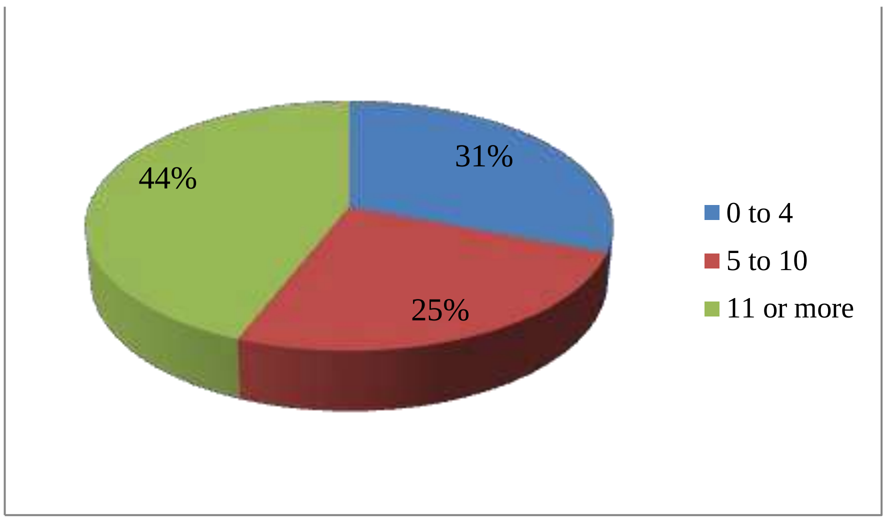


Table 4.6

Frequency Distribution: MSME by Age of the Business

Age of the Business (years)	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
0 to 4	-	49	31	31	31
5 to 10	-	40	25	25	56
11 or more	-	70	44	44	100
		159	**100**	**100**	

4.5.1.2.6 MSME by Size of the Business

Participants were requested to state the number of people employed by their business. Moreover, 84% reported that their businesses employed 0 to 10 people, 11% employed 11 to 20 people and 5% employed 21 to 60 people (N=188). Additionally, figure 4.6 and table 4.7 shows a clear representation of the results regarding the size of MSMEs studied.

Figure 4.6

Frequency Distribution: MSME by Size of the Business

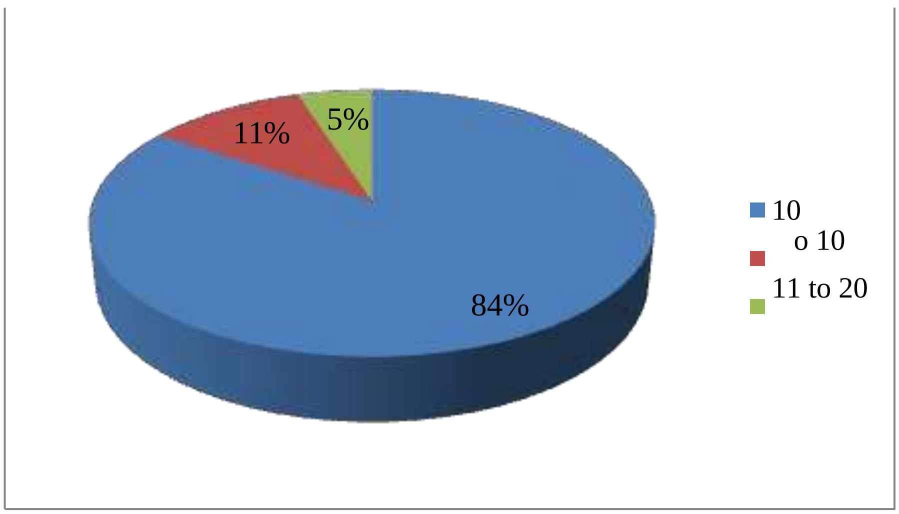


Table 4.7

Frequency Distribution: MSME by Size of the Business

Number of Employees	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
0 to 10	-	134	84	84	84
11 to 20	-	17	11	11	95
21 to 60	-	8	5	5	100
		159	**100**	**100**	

4.5.1.2.7 MSME by Gender of Participant

Participants were requested to state their gender. Moreover, 53% reported that they were male and 47% reported that they were female (N=188). Additionally, figure 4.7 and table 4.8 clearly shows a representation of the results regarding the gender of MSME participants.

Figure 4.7

Frequency Distribution: MSME by Gender of Participant

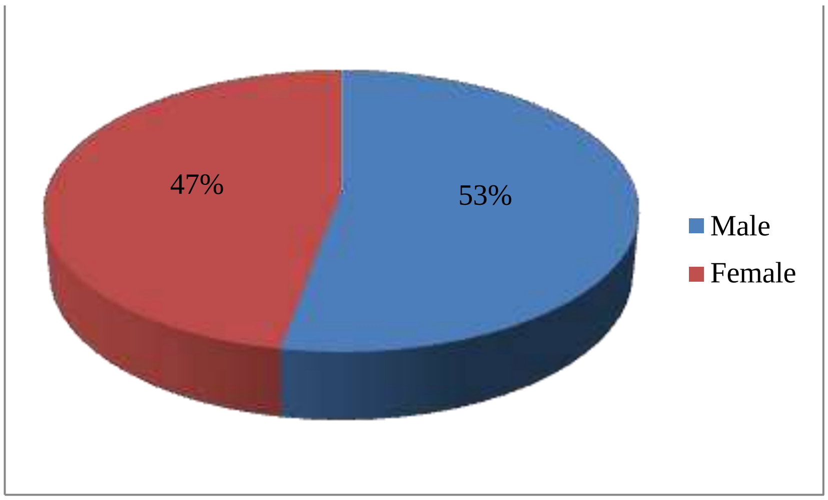


Table 4.8

Frequency Distribution: MSME by Gender of Participant

Gender	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Male	1	84	53	53	53
Female	2	75	47	47	100
		159	**100**	**100**	

4.5.1.2.8 MSME by Marital Status of Participant

Participants were requested to state their marital status. Moreover, 53% reported that they were married and 47% were not married (N=188). Additionally, figure 4.8 and table 4.9 shows a clear representation of the marital status MSME participants.

Figure 4.8

Frequency Distribution: MSME by Marital Status of Participant

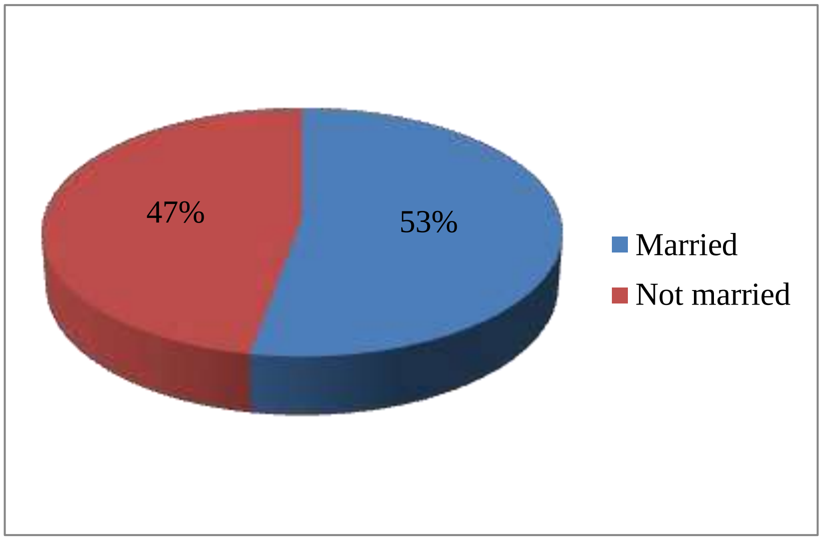


Table 4.9

Frequency Distribution: MSME by Marital Status of Participant

Marital status	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Married	1	84	53	53	53
Not married	2	75	47	47	100
		159	**100**	**100**	

4.5.1.2.9 MSME by Position of Participant in the Business

Participants were requested to state their position in the business. Moreover, 51% reported that they were owners of the business and 49% reported that they were managers (N=188). Additionally, figure 4.9 and table 4.10 shows a clear representation of the results of the position held by MSME participants.

Figure 4.9

Frequency Distribution: MSME by Position of Participant in the Business

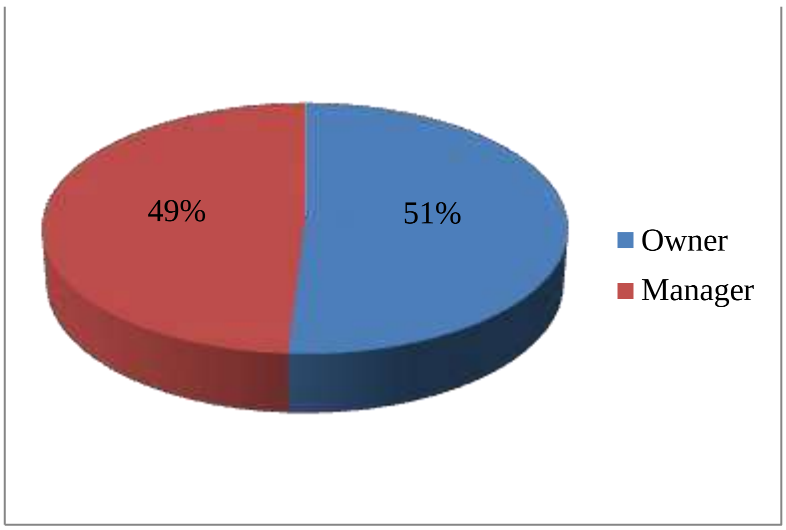


Table 4.10

Frequency Distribution: MSME by Position of Participant in the Business

Position of participant in the business	Value	Frequency	Percent	Valid Percent	Cumulative Percent
Owner	1	81	51	51	51
Manager	2	78	49	49	100
		159	**100**	**100**	

4.5.1.2.10 MSME by Age of the Participant

Participants were requested to state their age. Moreover, 39% reported that they were 18 to 34 years old, 49% were 35 to 60 years old and 12% were above 60 years (N=188). Additionally, figure 4.10 and table 4.11 shows a clear representation of the results of the age of participants.

Figure 4.10

Frequency Distribution: MSME by Age of Participant

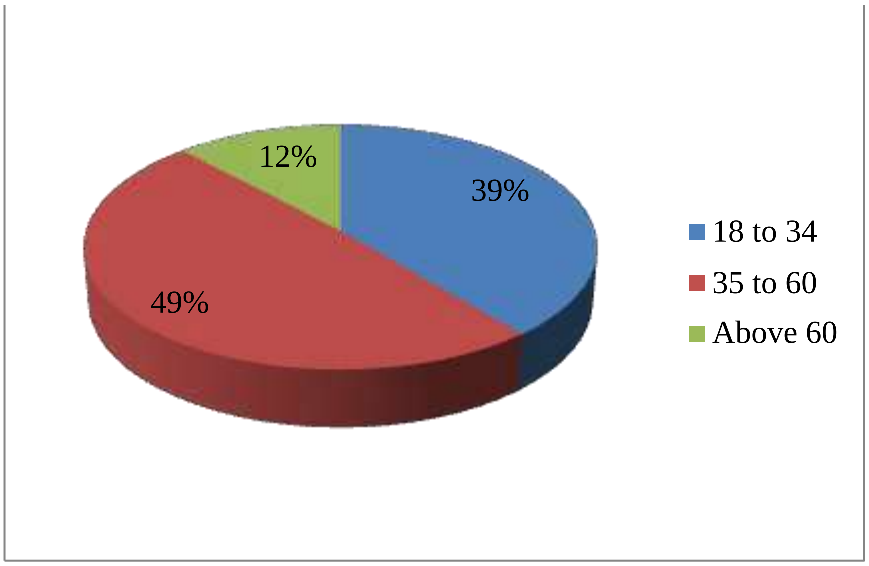


Table 4.11

Frequency Distribution: MSME by Age of Participant

Age of Participant (Years)	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
18 to 35	-	62	39	40	40
35 to 60	-	78	49	48	88
Above 60	-	19	12	12	100
		159	**100**	**100**	

4.5.1.2.11 MSME by Education Level of Participant

Participants were requested to state their highest level of education. Moreover, 6% reported that they hold MBA/PhD, 39% first Degrees, 29% Diplomas, 18% Certificates, and 8% other qualifications below tertiary (N=188). Moreover, figure 4.11 and table 4.12 shows a clear representation of the results regarding the highest level of education of MSME participants.

Figure 4.11

Frequency Distribution: MSME by Education Level of Participant

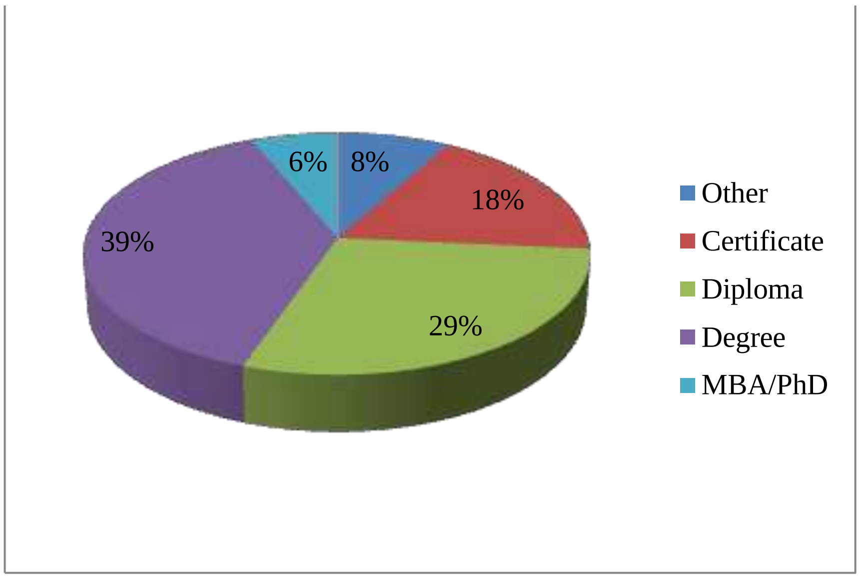


Table 4.12

Frequency Distribution: MSME by Education Level of Participant

Level of education of participant	Value	Frequency	Percent	Valid Percent	Cumulative Percent
Other	1	13	8	8	8
Certificate	2	29	18	18	26
Diploma	3	46	29	29	55
Degree	4	61	39	39	94
MBA/PhD	5	10	6	6	100
		159	**100**	**100**	

4.5.1.3 Section 2 of the Questionnaire

This section involved asking questions in the form of statements prepared using the Likert rating scale ranging from strongly agree to strongly disagree and participants were requested to comment on those statements.

4.5.1.3.1 Access to MSME Finance from Banks, FINCORP and IDCE is easy

Participants were requested to comment on the above statement on a scale ranging from strongly agree to strongly disagree. Moreover, 1% strongly agree, 23% agree, 33% uncertain, 26% disagree and 17% strongly disagree (N=188). Additionally, figure 4.12 and table 4.13 shows a clear representation of the results.

Figure 4.12

Frequency Distribution: Access to MSME Finance from Banks, FINCORP and IDCE is easy

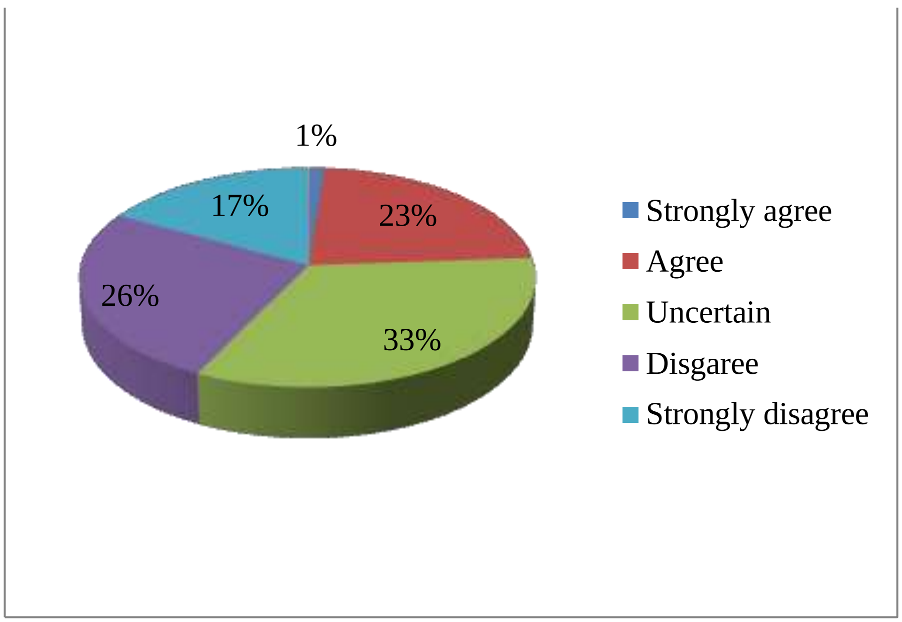


Table 4.13

Frequency Distribution: Access to MSME Finance from Banks, FINCORP and IDCE is easy

Value label	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	1	2	1	1	1
Agree	2	36	23	23	24
Uncertain	3	53	33	33	57
Disagree	4	41	26	26	83
Strongly disagree	5	27	17	17	100
		159	**100**	**100**	

4.5.1.3.2 Availability of Collateral Improves Access to MSME Finance from Banks, FINCORP and IDCE

Participants were requested to comment on the above statement on a scale ranging from strongly agree to strongly disagree. Moreover, 9% strongly agree, 58% agree, 19% uncertain, 8% disagree and 6% strongly disagree (N=188). Additionally, figure 4.13 and table 4.14 shows a clear representation of the results.

Figure 4.13

Frequency Distribution: Availability of Collateral Improves Access to MSME Finance from Banks, FINCORP and IDCE

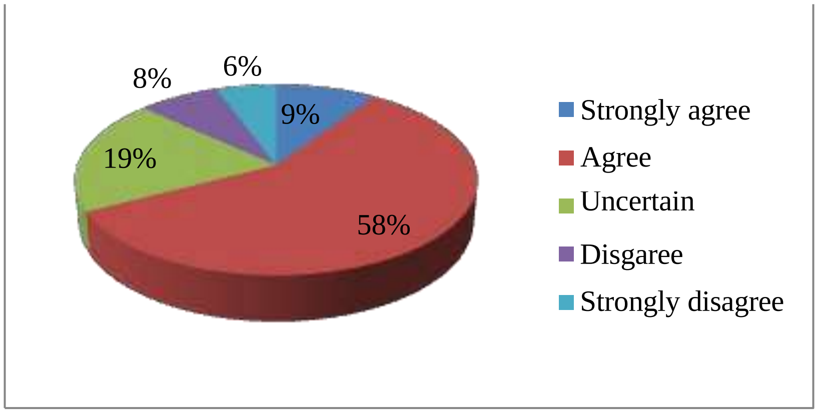


Table 4.14

Frequency Distribution: Availability of Collateral Improves Access to MSME Finance from Banks, FINCORP and IDCE

Value label	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	1	15	9	9	9
Agree	2	92	58	58	67
Uncertain	3	31	19	19	87
Disagree	4	12	8	8	94
Strongly disagree	5	9	6	6	100
		159	**100**	**100**	

4.5.1.3.3 Availability of Credit Guarantee Scheme Improves Access to MSME Finance from Banks, FINCORP and IDCE

Participants were requested to comment on the above statement on a scale of strongly agree to strongly disagree. Moreover, 4% strongly agree, 33% agree, 53% uncertain, 6% disagree and 4% strongly disagree (N=188). Additionally, figure 4.14 and table 4.15 shows a clear representation of the results.

Figure 4.14

Frequency Distribution: Availability of Credit Guarantee Schemes Improves Access to MSME Finance from Banks, FINCORP and IDCE

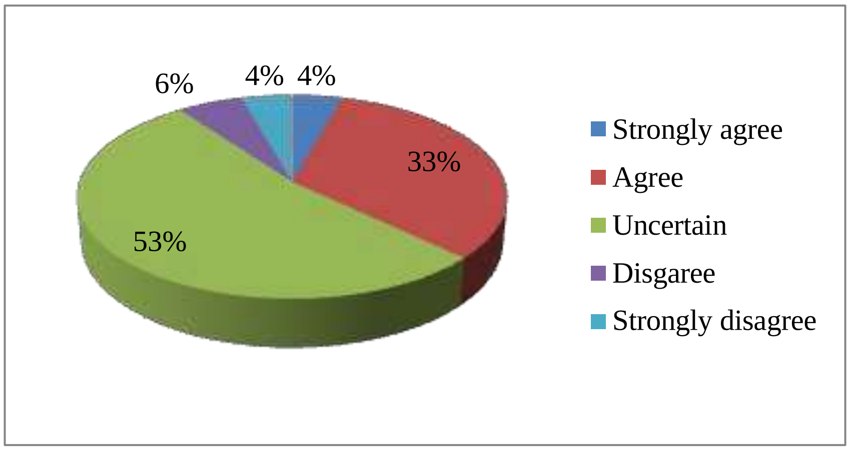


Table 4.15

Frequency Distribution: Availability of Credit Guarantee Schemes Improves Access to MSME Finance from Banks, FINCORP and IDCE

Value label	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	1	7	4	4	4
Agree	2	52	33	33	36
Uncertain	3	84	53	53	88
Disagree	4	9	6	6	93
Strongly disagree	5	7	4	4	100
		159	**100**	**100**	

4.5.1.3.4 Financial Literacy Improves Access to MSME Finance from Banks, FINCORP and IDCE

Participants were requested to comment on the above statement on a scale of strongly agree to strongly disagree. Moreover, 11% strongly agree, 60% agree, 16% uncertain, 10% disagree and 3% strongly disagree (N=188). Additionally, figure 4.15 and table 4.16 shows a clear representation of the results.

Figure 4.15

Frequency Distribution: Financial Literacy Improves Access to MSME Finance from Banks, FINCORP and IDCE

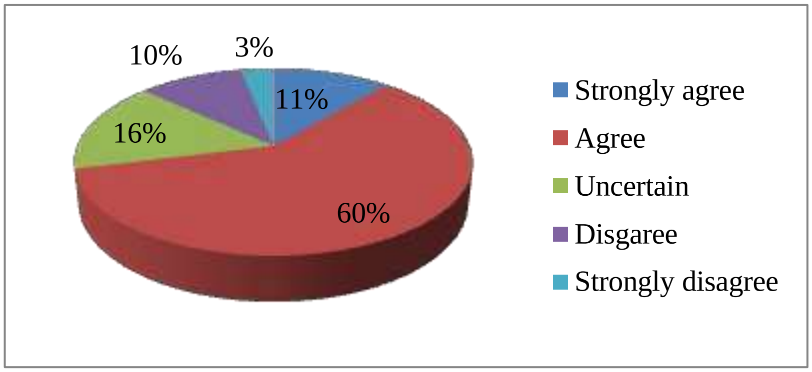


Table 4.16

Frequency Distribution: Financial Literacy Improves Access to MSME Finance from Banks, FINCORP and IDCE

Value label	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	1	18	11	11	11
Agree	2	95	60	60	71
Uncertain	3	25	16	16	87
Disagree	4	16	10	10	97
Strongly disagree	5	5	3	3	100
		159	**100**	**100**	

4.5.1.3.5 Training by SEDCO Improves MSME Owner or Manager Financial Literacy

Participants were requested to comment on the above statement on a scale of strongly agree to strongly disagree. Moreover, 10% strongly agree, 40% agree, 39% uncertain, 7% disagree and 4% strongly disagree (N=188). Additionally, figure 4.16 and table 4.17 shows a clear presentation of the results.

Figure 4.16

Frequency Distribution: Training by SEDCO Improves MSME Owner or Manager Financial Literacy

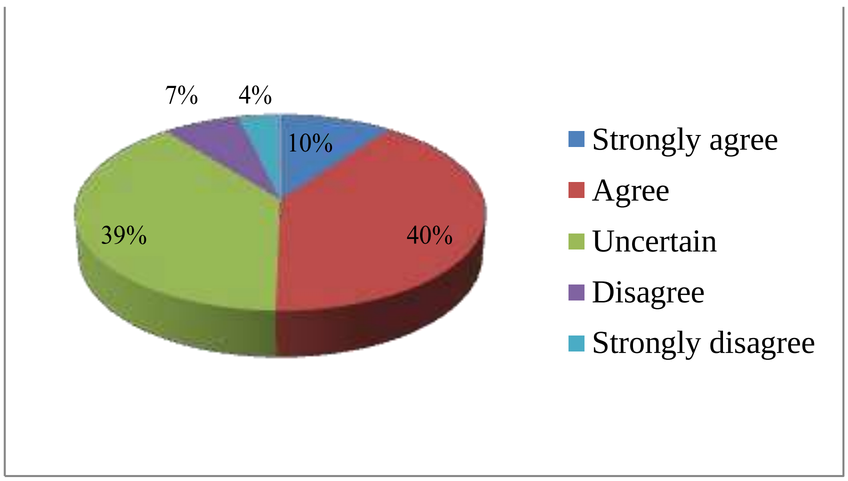


Table 4.17

Frequency Distribution: Training by SEDCO Improves MSME Owner or Manager Financial Literacy

Value label	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	1	16	10	10	10
Agree	2	64	40	40	50
Uncertain	3	62	39	39	89
Disagree	4	11	7	7	96
Strongly disagree	5	6	4	4	100
		159	**100**	**100**	

4.5.1.3.6 Having More Information about Banks, FINCORP and IDCE Improves Access to MSME Finance (Assessment Criteria)

Participants were requested to comment on the above statement on a scale of strongly agree to strongly disagree. Moreover, 16% strongly agree, 48% agree, 18% uncertain, 16% disagree and 2% strongly disagree (N=188). Additionally, figure 4.17 and table 4.18 shows a clear representation of the results.

Figure 4.17

Frequency Distribution: Having More Information about Banks, FINCORP and IDCE Improves Access to MSME Finance (Assessment Criteria)

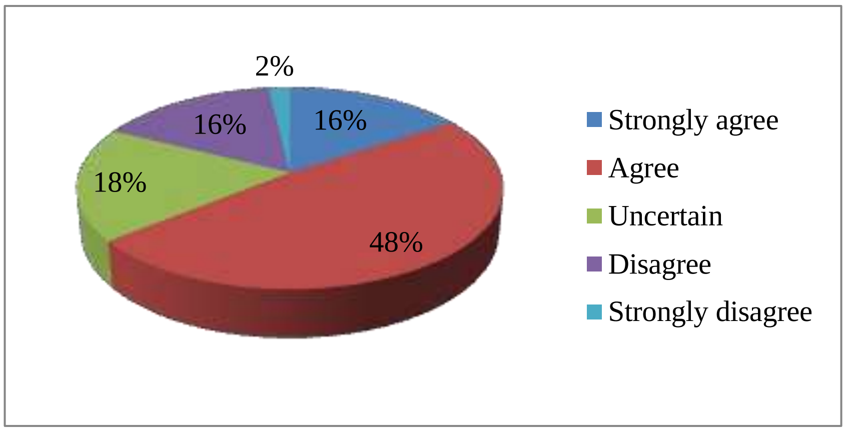


Table 4.18

Frequency distribution: Having more information about Banks, FINCORP and IDCE improves access to MSME finance (assessment criteria)

Value label	Value / Code	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	1	25	16	16	16
Agree	2	77	48	48	64
Uncertain	3	29	18	18	82
Disagree	4	25	16	16	98
Strongly disagree	5	3	2	2	100
		159	**100**	**100**	

4.5.1.4 Establishing Relationship between Variables

The objectives of the study were to establish the relationship between variables. Consequently, Spearman correlation (rho) coefficient was adopted to establish the relationship between the study variables using PSPP software.

4.5.1.4.1 Research Question 1: What is the Relationship between Collateral and Access to Finance for Micro, Small and Medium Enterprises?

Spearman correlation analysis was used to determine the relationship between collateral and access to finance for MSMEs. Moreover, collateral was positively correlated to access to finance for MSMEs with a coefficient of .30, p-value .000134 and significant at $p<0.05$. Additionally, table 4.19 shows a clear representation of the results.

Table 4.19

Relationship between Collateral and Access to Finance for Micro, Small and Medium Enterprises

		Access to finance	*Collateral*
Access to finance	Spearman correlation		.30
	Sig. (2-tailed)		.000134
	N	188	188
Collateral	Spearman correlation	.30	
	Sig. (2-tailed)	.000134	
	N	188	188

Note: Correlation is significant at $p<0.05$ (2-tailed)

4.5.1.4.2 Research Question 2: What is the Relationship between Financial Literacy and Access to Finance for Micro, Small and Medium Enterprises?

Spearman correlation analysis was used to determine the relationship between financial literacy and access to finance for MSMEs. Moreover, financial literacy was positively correlated to access to finance for MSMEs with a coefficient of .42, p-value .000001 and significant at $p<0.05$. Additionally, table 4.20 shows a clear representation of the results.

Table 4.20

Relationship between Financial Literacy and Access to Finance for Micro, Small and Medium Enterprises

		Access to finance	*Financial literacy*
Access to finance	Spearman correlation		.42
	Sig. (2-tailed)		.000001
	N	188	188
Financial literacy	Spearman correlation	.42	
	Sig. (2-tailed)	.000001	
	N	188	188

Note: Correlation is significant at $p<0.05$ (2-tailed)

4.5.1.4.3 Research Question 3: What is the Relationship between Information Asymmetry and Access to Finance for Micro, Small and Medium Enterprises?

Spearman correlation analysis was used to determine the relationship between information asymmetry and access to finance for MSMEs. Moreover, information asymmetry was positively correlated to access to finance for MSMEs with a coefficient of .43, p-value .000001 and significant at $p<0.05$. Additionally, table 4.21 shows a clear representation of the results.

Table 4.21

Relationship between Information Asymmetry and Access to Finance for Micro, Small and Medium Enterprises

		Access to finance	*Information asymmetry*
Access to finance	Spearman correlation		.43
	Sig. (2-tailed)		.000001
	N	188	188
Information asymmetry	Spearman correlation	.43	
	Sig. (2-tailed)	.000001	
	N	188	188

Note: Correlation is significant at $p<0.05$ (2-tailed)

4.5.1.4.4 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Spearman correlation analysis was used to determine the relationship between firm characteristic (legal status) and access to finance for MSMEs. Moreover, firm characteristic (legal status) was positively correlated to access to finance with a coefficient of .12, p-value .143242 and not significant at p<0.05. Additionally, table 4.22 shows a clear representation of the results.

Table 4.22

Relationship between Firm Characteristic (Legal Status) and Access to Finance for MSMEs

		Access to finance	*Firm characteristics (legal status)*
Access to finance	Spearman correlation		.12
	Sig. (2-tailed)		.143242
	N	188	188
Firm characteristics (legal status)	Spearman correlation	.12	
	Sig. (2-tailed)	.143242	
	N	188	188

Note: Correlation is not significant at p<0.05 (2-tailed)

4.5.1.4.5 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Spearman correlation analysis was used to determine the relationship between firm characteristic (sector) and access to finance for MSMEs. Moreover, firm characteristic (sector) was positively correlated to access to finance for MSMEs with a coefficient of .14, p-value .083504 and not significant at p<0.05. Additionally, table 4.23 shows a clear representation of the results.

Table 4.23

Relationship between Firm Characteristic (Sector) and Access to Finance for MSMEs

		Access to finance	*Firm characteristic (sector)*
Access to finance	Spearman correlation		.14
	Sig. (2-tailed)		.083504
	N	188	188
Firm characteristic (sector)	Spearman correlation	.14	
	Sig. (2-tailed)	.083504	
	N	188	188

Note: Correlation is not significant at p<0.05 (2-tailed)

4.5.1.4.6 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Spearman correlation analysis was used to determine the relationship between firm characteristic (age) and access to finance for MSMEs. Moreover, firm characteristic (age) was negatively correlated to access to finance for MSMEs with a coefficient of (.08), p-value .318603 and not significant at $p<0.05$. Additionally, table 4.24 shows a clear representation of the results.

Table 4.24

Relationship between Firm Characteristic (Age) and Access to Finance for Micro, Small and Medium Enterprises

		Access to finance	*Firm characteristic (age)*
Access to finance	Spearman correlation		(.08)
	Sig. (2-tailed)		.318603
	N	188	188
Firm characteristic (age)	Spearman correlation	(.08)	
	Sig. (2-tailed)	.318603	
	N	188	188

Note: Correlation is not significant at $p<0.05$ (2-tailed)

4.5.1.4.7 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Spearman correlation analysis was used to determine the relationship between firm characteristic (size) and access to finance for MSMEs. Moreover, firm characteristic (size) was negatively correlated to access to finance for MSMEs with a coefficient of (.14), p-value .87087 and not significant at $p<0.05$. Additionally, table 4.25 shows a clear representation of the results.

Table 4.25

Relationship between Firm Characteristic (Size) and Access to Finance for MSMEs

		Access to finance	*Firm characteristic (size)*
Access to finance	Spearman correlation		(.14)
	Sig. (2-tailed)		.87087
	N	188	188
Firm characteristic (size)	Spearman correlation	(.14)	
	Sig. (2-tailed)	.87087	
	N	188	188

Note: Correlation is not significant at $p<0.05$ (2-tailed)

4.5.1.4.8 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Spearman correlation analysis was used to determine the relationship between owner or manager characteristic (gender) and access to finance for MSMEs. Moreover, owner or manager characteristic (gender) was negatively correlated to access to finance for MSMEs with a coefficient of (.14), p-value .73472 and not significant at $p<0.05$. Additionally, table 4.26 shows a clear representation of the results.

Table 4.26

Relationship between Owner or Manager Characteristic (Gender) and Access to Finance for Micro, Small and Medium Enterprises

		Access to finance	*Owner or manager characteristic (gender)*
Access to finance	Spearman correlation		(.14)
	Sig. (2-tailed)		.73472
	N	188	188
Owner or manager characteristic (gender)	Spearman correlation	(.14)	
	Sig. (2-tailed)	.73472	
	N	188	188

Note: Correlation is not significant at $p<0.05$ (2-tailed)

4.5.1.4.9 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Spearman correlation analysis was used to determine the relationship between owner or manager characteristic (age) and access to finance for MSMEs. Moreover, owner or manager characteristic (age) was negatively correlated to access to finance for MSMEs with a coefficient of (.07), p-value .59674 and not significant at $p<0.05$. Additionally, table 4.27 shows a clear representation of the results.

Table 4.27

Relationship between Owner or Manager Characteristic (Marital Status) and Access to Finance for MSMEs

		Access to finance	*Owner or manager characteristic (marital status)*
Access to finance	Spearman correlation		(.07)
	Sig. (2-tailed)		.39089
	N	188	188
Owner or manager characteristic (marital status)	Spearman correlation	(.07)	
	Sig. (2-tailed)	.39089	
	N	188	188

Note: Correlation is not significant at $p<0.05$ (2-tailed)

4.5.1.4.10 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Spearman correlation analysis was used to determine the relationship between owner or manager characteristic (education) and access to finance for MSMEs. Moreover, owner or manager characteristic (education) was negatively correlated to access to finance for MSMEs with a coefficient of (.03), p-value .726733 and not significant at $p<0.05$. Additionally, table 4.28 shows a clear representation of the results.

Table 4.28

Relationship between Owner or Manager Characteristic (Education) and Access to Finance for MSMEs

		Access to finance	*Owner or manager characteristic (education)*
Access to finance	Spearman correlation Sig. (2-tailed) N	 188	(.03) .726733 188
Owner or manager characteristic (education)	Spearman correlation Sig. (2-tailed) N	(.03) .726733 188	 188

Note: Correlation is not significant at $p<0.05$ (2-tailed)

4.5.2 Qualitative Results

Qualitative data was collected through semi structured interviews conducted through Skype or face to face. Moreover, the interviews were guided by an interview schedule in order to ensure that similar questions were asked to all participants. Consequently, the interview schedule contained four questions: Does the availability collateral affect lending to MSMEs? Does financial literacy of MSME owner or manager affect lending to MSMEs? Does information asymmetry affect lending to MSMEs? Do firm and owner or manager characteristics affect lending to MSMEs?

Consequently, the purpose of this section is to report the findings from the qualitative data analysis. Moreover, in this study themes were identified at semantic level focusing on what participants have said. As a result, the qualitative themes were reported verbatim following an approach adopted by (Rantlha, 2017) in her study on "Distance students‟ readiness for an online information literacy programme: Unisa School of Accountancy as a case study".

4.5.2.1 Does the Availability of Collateral Affect Lending to MSMEs?

Four themes were identified in relation to the above captioned question and discussed in the following sub-section:

4.5.2.1.1 The Importance of Collateral on Lending to MSMEs

Participants indicated that collateral was critical in influencing lending decisions to MSMEs: "*Every time MSMEs come to our organization they will be required to provide collateral as our institution does not do unsecured lending which plays an important role in showing customer commitment*‖ ―*Yes,* *collateral does affect lending to MSMEs because they are considered as high risk*‖ ―*Like for instance if a customer makes an application for maybe E500,000 or E1,000,000 without collateral chances are very slim because we also consider the risk involved*‖

—*Yes, collateral is important in decision making in our organization to act as a cushion in case of default mainly because MSMEs are normally run by one person which makes them more riskier*‖. However, some participants indicated that collateral is no longer a critical requirement in lending to MSMEs. "*I wouldn't say collateral is a requirement upfront*" "*I can say that we do not insist that much on the collateral because of the scoring system but it does give us comfort*" "*Not necessarily it depends*".

4.5.2.1.2 Lack of Collateral among MSMEs

Participants indicated lack of collateral among MSMEs: "*Collateral is always a challenge to MSMEs because our economy is not good so our MSMEs are really struggling*‖ —*In most cases MSMEs cannot afford the required collateral*‖ —*In most cases MSMEs do not have collateral*‖.

4.5.2.1.3 Mitigating Factors of Lack of Collateral

Participants indicated that there were some mitigating factors that help circumvent the requirements of collateral on lending to MSMEs: —*With government having come up with some initiatives such as the small scale enterprise loan guarantee scheme (SSELGS) managed by the Central Bank of Eswatini I think that challenge is somehow addressed*‖ —*As an organization we do have some mitigating factors including a system that enables us to score MSMEs up to E250,000, meaning we can give such business unsecured loans up to E250,000*‖ —*The* other *mitigating factor is the small scale enterprise loan guarantee scheme housed at Central Bank of Eswatini which requires a contribution from the businesses. Like for instance, the scheme guarantees 85% for existing business and 95% for start-ups*‖.

4.5.2.1.4 Other Factors Affecting Access to Finance for MSMEs

Participants indicated that business viability, commitment, loan size and repayment ability were other key factors affecting lending to MSMEs: "*Primarily what we require is a business plan or a business concept that is viable*" "*We assess the repayment ability*" "*Of course it is important to ask that the owner of a business that he/she must have invested in the business so that we are not owners of the business but he/she is the owner or initial investor of the business*" "*The viability of the project*" "*Our decision making would be influenced by a number of factors and as a basis is how much a borrower is looking for, what is your loan size*‖.

4.5.2.2 Does Financial Literacy of MSME Owner or Manager Affect Lending to MSMEs?

Three themes were identified in relation to the above captioned question and discussed in the following sub-section:

4.5.2.2.1 Importance of Financial Literacy on Lending to MSMEs

Participants indicated that financial literacy plays an important role in informing lending decisions to MSMEs: ―*I would say it does affect lending to MSMEs a lot because when we deal with enterprise clients they vary, we are looking mostly of clients within the corridor of Mbabane and Manzini, and also businesses in the agricultural sector*‖ ―*It is a hindrance*‖ ―*I must say that financial literacy does have a huge effect because like for instance a business might request professional accountants to assist with the preparation of the financials but struggle to explain what is contained in the document a situation that affect our assessment process*‖. However, other participants indicated that financial literacy does not affect lending to MSMEs: "*I don't want to believe that financial literacy is a factor because we now have momo which even somebody who has a low level of education can actually operate and access money through momo*" "*I don't want to believe that is an impediment in our decision making*"

—I wouldn't say to a significant extent it thwarts our willingness to borrow because you will understand that our decision making would be influenced by a number of factors and as a basis is how much a borrower is looking for, what is your loan size‖.

4.5.2.2.2 Lack of Financial Literacy among Owners or Managers of MSMEs

Participants indicated a significant lack of financial literacy among owners or managers of MSMEs: *—That is a big challenge I don't know why people who are highly educated are not interested in running businesses‖ —Mostly it is those people who have low levels of education who are in business including those who have not even completed high school or have not gone to tertiary level‖*

—Financial literacy is a problem you find that MSMEs will engage consultants to help them with business plans and cash-flow projections but they can hardly interpret what is contained in those documents a position that makes it difficult for them to run the business according to the business plan‖ —It is our organization requirement that annually a business has to produce financial statements but they can hardly interpret those documents‖.

—Lack of financial literacy is a contributor to the high default rate to the loans given to MSMEs and you find that they are in arrears‖ —Predominantly financial literacy is lacking in MSMEs‖ —In most cases we find that a business has the dream or concept but only to find that they do not know how to run a business especially the financial aspect of the business‖ —Technically, the owner might be a farmer, plumber or electrician but find that in terms of the financial management of the business he/she is unable to run the business to a level where as financiers are comfortable‖ —In most instances they think financial statements are needed by financial institutions and do not believe that they are a tool for them to assess the performance of their businesses‖

—They think financial statements ought to be prepared when a business requires funding from a financial institution‖ —The preparation of financial statements is considered a waste of money‖. —Yes, on the issue of financial literacy we are struggling a bit because some of them like for instance the farmers when we request financials they just furnish us with their daily records not knowing what financial statements are and we have to explain to them that they need to engage professional accountants to assist them with their preparation‖ —In most instances they think financial statements are needed by financial institutions and do not believe that they are a tool for them to assess the performance of their businesses".

4.5.2.2.3 Effectiveness of Financial Literacy Training to MSMEs

Participants indicated that financial literacy training was not effective in improving MSME owners or managers financial literacy: "*Even those who have attended business management courses when you engage them they still lack the basic understanding of the basic financial concepts*" *—Also institutions like SEDCO they do provide some training but in most cases businesses that come to our organization they lack financial acumen*".

4.5.2.3 Does Information Asymmetry Affect Lending to MSMEs?

Four themes were identified in relation to the above captioned question and discussed in the following sub-section:

4.5.2.3.1 The Effect of Information Asymmetry on Lending to MSMEs

Some participants indicated that information asymmetry has minimal effect on lending to MSMEs: *—I wouldn't say information asymmetry affect lending to MSMEs because you know that it is the duty of financiers to actually mine that information‖ —So we only have few cases whereby we experience such‖ —Information asymmetry is one risk you need to actually absorb and make sure you have checks and balances in place, like for example with us we check you through Transunion whether you have defaulted with other financial institutions‖*

—*So information asymmetry sits squarely on the door of the financial institution, even that one I would say yes but honestly with the latest technology it's easy to know prospective borrowers*‖ —*I can say it's neither here nor there because technology has actually helped a lot in terms of balancing information asymmetry*" —*It shouldn't be because the industry in the country is not diverse or not very deep there are only a few instances where you will come across a deal with hindsight or probably difficulty to understand*‖ —*In most cases its issues of straight deals or straightforward kind of trade that we are doing within the context of the country*‖ "*So I really wouldn't say that we have too much of that, it could possibly be that the client is unable to explain what the financier requires*".

However, others indicated that information asymmetry has a massive effect on lending to MSMEs: —*I would say yes information asymmetry does affect lending to MSMEs*‖ —*MSMEs do not share information which then compromises our loan assessment processes*" "*As a result, as an organization we have to go out and do work that is not even supposed to be done by us, and now and again maybe once a quarter arrange business clinics for our own customers working with other stakeholders try to train MSMEs how to run their bank account and how to manage their businesses because we can see that there are massive challenges*" "*I must say it does affect our assessment process mainly because we are not strict on accountants even though we rely on their financial statements which in some instances may be cooked*".

4.5.2.3.2 Importance of Due Diligence in Mitigating Information Asymmetry

Some participants indicated that due diligence was critical in mitigating information asymmetry: —*I wouldn't say it affect lending to MSMEs because you know that it is the duty of financiers to actually mine that information, it is part of their due diligence*‖ —*Actually, the customer facing officers who write the proposal must have all the information that is required and also the client must also furnish that officer with all the required information*"

"*Regarding information asymmetry as an organization we try to analyze the financial statements line by line even though others are unable to explain questions that we pose relating to the financial position of the business*" "*If you are presenting a business proposal like for example if you are going to supply ESWADE with fertilizers we have to physically take that order for confirmation with the procurement manager or authority*".

4.5.2.3.3 The Importance of Technology, Well Designed Forms and Capacity of Credit Officers in Adequately Performing Due Diligence

Some participants indicated that latest technology, well designed forms and capacity of credit officer were helpful in performing due diligence: ―*Honestly with the latest technology it's easy to know prospective borrowers*‖ ―*I can go check a prospective client at MTN and our forms are sufficient enough to provide all relevant information pertaining to the borrower*" "*Technology has actually helped a lot in terms of balancing information asymmetry*" "*So our officers are well trained to actually probe and get more information that is relevant in order for us to make a credit decision and a business decision*".

4.5.2.3.4 Lack of Transparence from MSMEs

Some participants indicated that MSMEs were not willing to share their information with lenders: "*I don't know the logic behind but most of our clients or most MSMEs they don't want to be transparent to their lenders and they will always be hiding information*" "*Every time they present a business proposal seeking funding from our organization you will have to keep on digging information*" "*Instead of declaring all other obligations they have with other organizations, they will wait for the lender to dig and discover such obligations*" "*MSMEs do not share information which then compromises our loan assessment processes*".

4.5.2.4 Do Firm Characteristics (Legal Status, Age and Size) Affect Lending to MSMEs?

Three themes were identified in relation to the above question and discussed in the following sub-sections.

4.5.2.4.1 The Effect of Legal Status on Lending to MSMEs

Participants indicated that legal status of a business does not influence their decision on lending to MSMEs: "*We are not so rigid when it comes to the legality of a business*‖ ―*Legal status, is not an issue because we do fund micro businesses, sole traders and proprietary companies*" "*We offer facilities even to a business that employs one person like for instance we offer facilities to Kombi transport operators where you find that the business only employs the driver or in some cases the owner drives the Kombi*" "*On the business type I would not say it does affect our lending decision because for sole proprietors we ensure that the owner of the business has a life insurance equal to the debt to act as a cushion in case he/she passes on*".

4.5.2.4.2 The Effect of Business Age on Lending to MSMEs

Participants indicated that business age does not influence lending decision to MSMEs: "*In terms of age in our organization we do start-up and do existing*" "*Business age is not an issue in our organization*" However, some participants indicated that the age of a business does affect their assessment processes: "*The only issue would be when you are now our client, you are relatively new, 6 months down the line you want additional finance and that is when we will say wait a minute let's see, trade for a year and we can have a conversation about additional funding*". "*The only difference is when a borrower wants to be funded under the small scale enterprise guarantee scheme because the amount of guarantee government is able to offer depends on the number of years a business has been operating.*

If you are a startup and the business is a year old you are expected to contribute 5% and government guarantees 95% yet when you are an existing business you are expected to contribute 15% and government guarantees 85%" "*The age definitely it does affect lending to MSMEs because our startup is 6 months and all businesses have to bank with us for at least 6 months before we can consider lending them any finance*" "*When we assess a financial request it depends on how it comes to us whether as a start-up business or an existing business*‖.

4.5.2.4.3 The Effect of Business Size on Lending to MSMEs

Participants indicated that business size does not affect their lending decision to MSMEs: "*Business size is not an issue*" "*The size of the business doesn't really have an impact because we offer facilities even if it's a sole proprietor it's just that we do have ways in which we want to tie the people behind the business to the business so that they could show their interest in the business*". However, some participants indicated that business size does matter in informing their credit decision to lend to MSMEs: "*The size does affect our lending decision particularly on the size of the facility*‖ ―*I must say that the turnover plays an important role because a business can have one owner but have a high turnover hence being alone would not stop us from lending to that business*".

4.5.2.5 Do Owner or Manager Characteristics (Age, Gender and Level of Education) Affect Lending to MSMEs?

Three themes were identified relating to the above question and discussed in the following sub-sections.

4.5.2.5.1 The Significance of the Age of the Owner or Manager on Lending to MSMEs

Participants indicated that the age of the owner or manager does have an influence on lending to MSMEs: "*The age becomes an issue once the business owner is above the insurable age cap and that is when we start worrying about what would happen if the owner passes on, who will take-over the business*" "*The age of the owner does affect our lending decision particularly where the owner is old hence we require more details pertaining the succession plan. Actually, where the owner is old the risk involved is higher hence in most cases we charge higher interest*". However, some participants indicated that age of the owner or manager does not affect lending to MSMEs: "*We have no issue with age*‖ ―*Though sometimes you find that with customers who are still very young we do have some skepticism and we need to apply our minds into it but it doesn't mean we don't give them funds. Instead, we have our ways and means at which we release the finance in such a way that we have comfort that the funds will go to where it is supposed to go*".

4.5.2.5.2 The Effect of Gender of the Owner on Lending to MSMEs

Participants indicated that gender does not influence their decision on lending to the sector: "*In terms of gender we entertain both gender, we are not so particular we only consider loans*" "*We have no issue with gender*" "*Gender does not make a difference I remember we have a logistics company run by a woman and she owns trucks and we have lent her millions of emalangeni*" "*I wouldn't say gender is much of an issue*" "*Gender do not affect our lending decision to MSMEs*".

4.5.2.5.3 The Effect of the Level of Education, Experience and Character of the Owner on Lending to MSMEs

Participants indicated that the level of education does not affect lending to MSMEs instead relevant experience and character of the owner is important: "*We have no issue with the level of education but when you talk about character of the owner or manager it is critical because MSMEs cannot be separated from the owner hence their character matters in lending to the businesses*" "*Even the level of education is not an issue what we want to know is that the person is qualified and experienced to run the business and that is where we derive our comfort*" "*Mostly we consider the background whether the owner does have relevant experience in the industry*" "*The character of the people behind business are key because the willingness to repay the loan that is how we deduce it, can the person be trusted does he/she have a track record*".

―*Level of education we do derive comfort if a business person is qualified but it doesn't mean that if he/she doesn't have a qualification we are unable to grant finance*‖ ―*In some cases a business person may not have an academic qualification but poses massive experience, like for instance one of our customers who did not have an academic qualification but his experience was massive which made us comfortable because he knew what he was doing and we never had any problem*" "*In fact the credit worthiness of the owner as an individual affects the business because if the owner cannot honour his/her personal obligations there is no way the business can service its loan obligations*" "*We normally use the 5 Cs to access the character of the owner*".

4.6 Evaluation of Findings

This section provides an interpretation of the study findings or results and gives a brief meaning of those results. Moreover, the section is organized according to the research questions and interpretation performed in relation to the theoretical framework of the study. Additionally, this section is organized into three phases: interpretation of quantitative results, interpretation of qualitative results, and triangulation of quantitative and qualitative findings.

4.6.1 Evaluation of Quantitative Findings

4.6.1.1 Demographic Information

4.6.1.1.1 MSME by Legal Status

The results show that a majority of MSMEs (65%) were Proprietary Limited companies registered with the Registrar of Companies followed by sole traders (24%) and partnerships (11%). Moreover, the results agree with Fomum and Opperman (2023) that MSMEs in the country operate in a number of designations (sole traders, partnerships and limited companies). Additionally, the results show a remarkable increase in the registration of businesses in the sector compared to the findings of the (FinScope, 2017) where it was reported that only 25% MSMEs were registered.

Furthemore, the results reflect an improved position from the assertions that many MSMEs in the country operate in the informal sector (Dlamini, 2019; UNECA & Eswatini Government, 2021). Additionally, the results are in line with the concerted efforts of the office of the Registrar of Companies under the Ministry of Commerce Industry and Trade to improve ease of doing business in the country through simplification of the registration processes. Moreover, registration of MSMEs is imperative in scoping and sizing the sector as well as assessing the impact of the sector to a country‟s GDP, innovation, employment creation and poverty alleviation.

As a result, the rate at which MSMEs graduate from informal to formal status is impressive and important for the country in improving access to finance for the sector in the Kingdom of Eswatini. Consequently, Matsongoni et al. (2021) in their study cited the informality of SMEs as one of the factors influencing access to credit from commercial banks. Similarly, Olawale and Garwe (2010) cited in Fomum and Opperman (2023) urgue that the informality of the MSME sector has a massive negative effect on access to financial services in the Sub-Saharan Africa. Additionally, Ajetomobi et al. (2022, p. 27) contend that informality of SMEs has a huge effect on access to credit from banks in the country and assert that "informal firms are more likely to face severe financing constraints instead of mere low demand for bank credit".

Furthermore, the results show that a majority of MSME businesses meet the requirements of the Small Scale Enterprise Loan Guarantee Scheme (SSELGS) which requires that a business should be formally registered to qualify for the facility (FinScope, 2017). Similarly, certificate of incorporation, memorandum and form j are part of the loan application requirements from the financial institutions (Centre for Financial Inclusion, 2018; Eswatini Bank, 2024).

4.6.1.1.2 MSME by Business Sector

The results show that a majority of MSMEs (56%) are operating in the services sector, followed by those in wholesale and retail (28%), construction (9%), hotel and restaurants (4%) and manufacturing (3%). Moreover, the results differ from those of FinScope (2017) report which found that a majority of MSMEs (39%) operated in wholesale and retail with only 1% operating in the services sector. Additionally, they do not agree with the assertions by Ajetomobi et al. (2022) that many MSMEs (28.8%) are working under the retail sector. Similarly, UNECA and Eswatini Government (2021) state that 40% MSMEs operate in the retail industry.

However, the results concur with the assertions of Fomum and Opperman (2023) that MSMEs in the country are found in all the different industries or sectors of our economy. Similarly, Matsongoni et al. (2021, p. 9) assert that SMEs in Manzini operated in variety of industries including: “agri-business, textile, transport, fast-food venders, construction, manufacturing, both retail and wholesale”. Furthermore, the results revealed that a majority of MSMEs in the country operate in the services sector with 56%. Moreover, starting a services business irrespective of the discipline is less capital intensive because mostly it relies on the professional expertise of the practitioner.

However, meeting collateral requirements (land & buildings or immovable asset) becomes a huge challenge for the sector with negative implications on access to credit from financial institutions as a title deed to land is crucial (Ajetomobi et al., 2022). Moreover, according to FinScope (2017) the services sector is the most paying industry compared to other industries. Therefore, the results show a massive potential for MSMEs to contribute to the economy of the country through paying taxes, employment creation, poverty alleviation and innovation. As a result, the services sector was identified as one of the key drivers of the country‟s economic growth in the Eswatini National Development Strategy (Centre for Financial Inclusion, 2018).

4.6.1.1.3 MSME by Business Source of Startup Capital

The results show that a majority of MSMEs (84%) used personal savings, funds from family and friends for business startup followed by 2% who used informal credit and 14% who obtained credit from Banks/IDCE/FINCORP. Moreover, the results agree with the findings of the Centre for Financial Inclusion (2018) which revealed that 84% of SMEs in the country do not borrow from the banks. Additionally, the results concur with the findings of the (FinScope, 2017) report which found that 90% of MSMEs used personal savings, funds from family and friend, and informal credit to start their businesses with only 10% managing to get finance from financial institutions.

Consequently, the results show that access to startup capital continues to be a major challenge for MSMEs in the country despite the positive growth in the number of formally registered businesses as revealed by one of the respondents that "Initial capital was self-funded to the tune of E100 000. I raised E80 000 while my mother raised E20 000" (Centre for Financial Inclusion, 2018, p. 32). Moreover, these findings indicate the importance of giving more attention to the issue of access to credit for startup capital from financial institutions as observed by (Fatoki & Asah, 2011) that issues of access to finance should not be ignored when the development of the sector is considered.

4.6.1.1.4 MSME by Reason for Choice of Startup Capital

The results show that a majority of MSMEs (67%) were influenced by their preferred choice to use personal savings, funds from family and friends followed by 19% who were influenced by lack of funding from Banks/IDCE/FINCORP and 14% who fell under the N/A category because they received funding from the financial institutions. Moreover, the findings reveal a different picture of the magnitude of lack of access to finance in the country from the dire situation depicted by the (FinScope, 2017) report. Additionally, the results show that the use of personal savings, funds from family & friends, informal credit is not exercibated by the rejection of loan applications by the financial institutions but to a greater extent by the preferred choice of the owners of MSMEs.

Moreover, these findings are in line with the pecking order theory which states that businesses prefer to use internal sources of funding and only when such funding is depleted that they consider external sources (Botta et al., 2016 cited in Oshora et al., 2021). Similarly, the findings show that choosing to use personal savings, funds from family & friends and informal credit was not due to lack of awareness of the other sources of credit but rather the rational choice of the owners or managers of MSMEs which is line with the rational choice theory (Posner, 1997 cited in De Pue, 2020).

Moreover, according to FinScope (2017) a majority of MSMEs (90%) do not borrow from formal financial institutions a position that concurs with the assertions of (Berger & Udell, 1992 cited in Dlamini, 2019) that businesses run by the owner and at infancy stage are most likely to self-ration thus in line with the credit rationing theory. Similarly, the Centre for Financial Inclusion (2018) asserts that 84% SMEs in the Kingdom of Eswatini donot borrow from banks. Consequently, such an approach is crucial in reducing transaction costs associated with debt which includes high interest rates (UNECA & Eswatini Government, 2021).

Moreover, the Centre for Financial Inclusion (2018, p. 33) asserts that SMEs in the country cited exorbitant interest rates ranging between prime plus 3% and prime plus 8.5% as being prohibitive in any attempt to access credit from the banks with severe implications on the working capital and profitability of the businesses “Interest rates are very high. The first loan we got from Nedbank was at 19.5%”. Similarly, UNECA and Eswatini Government (2021) note that the banking sector in the country is highly concentrated in light of the few banks operating in the Kingdom of Eswatini resulting in high interest rates due to lack of competition within the sector.

However, despite all the benefits resulting from self rationing by MSMEs in the country which reduces the transaction costs associated with applying for external credit from the financial institutions (banks and development finance institutions), the implications of such a decision can not be ignored which negatively affects the growth of MSMEs (Fomum & Opperman, 2023). Moreover, Adelino et al. (2017) cited in Fomum and Opperman (2023) assert that MSMEs with access to external credit grow at a much faster rate and creating more employment. Additionally, the Centre for Financial Inclusion (2018) assert that the growth of SMEs in the Kingdom of Eswatini is severely affected by lack of access to credit from the financial institutions causing SMEs to operate below capacity.

4.6.1.1.5 MSME by Age of the Business

The results show that a majority of MSMEs (44%) were more than 11 years old followed by 31% who were 0 to 4 years old and 25% who were 5 to 10 years old. Moreover, even though the results show a slight decrease in the number of businesses who were 5 to 10 years old they do not agree with the findings of (Nkambule, 2015) that about 80% of MSMEs in the country collapse within the first two years of their establishment. Additionally, the results of this study revealed that a majority of MSMEs (69%) were more than four years old demonstrating a strong resilence as they have been able pass the high mortality phase of the first 3 years.

Moreover, the results show a huge potential for the MSME sector in the country to access financial services from financial institutions because longevity is crucial in demonstrating that a business can survive challenging economic situations a position that is very important in access to finance (Manaye & Tigro, 2017). Similarly, Rajamani and Nirmal (2019) contend that new or early stage businesses experience more obtacles compared to their matured counterparts in access to credit because of information asymmetry. Consequently, a study by Dlamini (2019) found that the age of SMEs strongly affect access to finance from development finance institutions in the country and concluded that "Only well established and matured SMEs have an added advantage in accessing DFIs loans".

Additionally, Ajetomobi et al. (2022) also emphasize the importance of business age to performance & sustainability of SMEs and assert that it enables a business to capitalize on the economies of scale which is gained overtime, vintage effect and selection effects. Consequently, the performance and sustainability of business constitute an important factor in access to finance.

4.6.1.1.6 MSME by Size of the Business

The results show that a majority of MSMEs (84%) employed 0 to 10 people followed by 11% who employed 11 to 20 people and 5% who employed 21 to 60 people. Moreover, the findings show that despite having a majority (69%) of MSMEs falling under the matured status these businesses are not growing but remain micro. Consequently, the results show that the employment creation capacity of MSMEs is limited as some businesses have zero employees whereas small business are recognized as the engine for job creation followed by medium and micro enterprises (Fomum & Opperman, 2023).

Furthermore, the results also indicate that the contribution of the MSME sector to the country‟s economy is limited because micro enterprises make an estimated annual turnover in the sum of about two hundred and forty thousand emalangeni (FinScope, 2017). Consequently, a majority of MSMEs cannot register and collect VAT because their annual turnover falls below the required annual threshold of five hundred thousand emalangeni (ERS, 2022). Similarly, with few employees the amount of PAYE is also affected.

Additionally, the results agree with Flamiano and Francisco (2021); OECD (2019) who asserts that business size significantly affect access to finance with large businesses being less constrained compared to small businesses. Similarly, Menberu (2018); Nguyen (2017) contend that MSMEs face more obstacles regarding access to finance than large businesses. Additionally, according to Kolakovic et al. (2019) banks prefer lending to large businesses than small businesses.

4.6.1.1.7 MSME by Gender of Participant

The results show that a majority of participants were male (53%) and (47%) were female. Moreover, the findings are contrary to those of the (FinScope, 2017) which found that MSMEs owned by females (65%) were more than those owned by males (35%). Additionally, the results also differ from those of (Hlatshwako, 2012) who also found that females (53%) were more than males (47%). However, the gender difference was influenced by the fact that a majority of participants were operating saloons and convenience sampling approach was adopted in selecting the study sample (Hlatshwako, 2012). Furthermore, the results do not agree with the findings of Fomum and Opperman (2023) where it was concluded that 85% MSMEs in the country were headed by females.

Consequently, the results show a great potential for improved access to credit by MSMEs in the country as literature revealed that male owned businesses are less constrained compared to their female counterparts (Hlanze, 2020 cited in Ajetomobi et al., 2022). Moreover, Ajetomobi et al. (2022) assert that male owned formal businesses are better positioned to access credit from banks with a rate of 83.4% compared to 70.5% for their female counterparts. As a result, it was concluded that "Female-owned firms are more financially constrained and rely more on non-bank and informal credit than male-owned firms" (Ajetomobi et al., 2022, p. 27).

4.6.1.1.8 MSME by Marital Status of Participant

The results show that a majority of participants were married (53%) and 47% were not married. Moreover, the findings are important in answering the research question as reported by a number of researchers that marital status has an effect on access to credit (Ahmad et al., 2021; Vu & Ho, 2022). Similarly, Arunet et al. (2016) asserts that marital status is a key determinant of access to different types of financial services in South Africa. Furthermore, according to Vibha (2017) marital status has a significant effect on the financial planning of an individual. Moreover, Rahadiantino and Rini (2021) in their study on "Women Access and Awareness of Financial Inclusion in Indonesia" found that marriage improves the chances of access to financial services because married partners are able to share the risk involved.

Consequently, Dlamini (2019) noted the importance of marital status in access to finance by MSMEs from the development finance institutions in the country and recommended that future research should investigate this factor. Similarly, Ajetomobi et al. (2022) also observed a significant improvement to the marriage laws in the Kingdom of Eswatini which previously did not allow women to own land thus negatively compromising their chances of accessing credit from financial institutions due to lack of appropriate collateral. However, Owusu (2017) in his study found that marital status did not have a significant effect on the access to credit.

4.6.1.1.9 MSME by Position of Participant in the Business

The results show that a majority of participants were owners (51%) of MSMEs and 49% were manager. Moreover, the results are important in giving a clear picture of the characteristics of the study participants (Saunders et al., 2009). Consequently, Saunders et al. (2009) recommends the adoption of descripto-exaplanatory research purpose where the objective of a study is to establish the relationship between variables where the descriptive component would be used as a precursor to establishing the relationship between the variables.

4.6.1.1.10 MSME by Age of the Participant

The results show that a majority of participants (48%) were adults 35 to 60 years of age followed by participants aged 18 to 34 years (40%) and 12% above 60 years. Moreover, the results concur with the findings of the (FinScope, 2017) which found that 73% of MSMEs were owned by business people aged 18 to 54 years old. Similarly, Hlatshwako (2012) in her study on the challenges facing SMEs in Manzini found that a majority (44%) of the participants were aged 25 to 34 with all businesses owned by people aged 25 to 60 years. Consequently, the massive involvement of young adults aged between 18 and 34 years in business is impressive as they constitute a significant portion of the population of the Kingdom of Eswatini with 70% (UNECA & Eswatini Government, 2021).

Additionally, the involvement of the youth in business also show a huge potential to reduce youth poverty in the country currently estimated at 63% and youth unemployment currently estimated at 43% (UNECA & Eswatini Government, 2021). However, lack of experience may pose a huge challenge to the business survival as observed by Gidion Dlamini the Minister of Commerce, Industry and Trade that about 80% MSMEs collapse within the first two years of their establishment because of lack of training in entrepreneurship and business management (Nkambule, 2015).

Additionally, access to credit from financial institution may pose a huge challenge due to lack of appropriate collateral, experience and credit history as these factors are highlighted as exercibating the challenge compared to other MSMEs (UNECA & Eswatini Government, 2021). Additionally, MSMEs owned by young adults may also face massive financial challenges as they may lack enough resources to finance their businesses from their own savings unlike those run by matured business people.

4.6.1.1.11 MSME by Education Level of Participant

The results show that a majority (39%) of participants were first degree holders followed by 29% diploma holders, 18% certificates holders, 6% MBA/PhD holders and overall representing 92% holders of tertiary qualifications with only 8% without tertiary qualification. Moreover, the findings indicate that a majority of MSMEs are well position to run successful businesses particularly because education is fundamental to the success of a business venture in the current technologically advanced times (FinScope, 2017). Additionally, the results show a high inclination or interest amongst educated people in the country to run businesses in contrast to the perception that they normally prefer employment as opposed to running a business venture.

Moreover, such findings are impressive and crucial to the success of MSMEs because educated owners are capable of making sound business decisions, take advantage of new opportunities and mitigate threats (Centre for Financial Inclusion, 2018). Additionally, FinScope (2017) contends that education has a massive effect on the profitability of MSMEs. However, understanding the reason why educated people venture into business becomes imperative in assessing the potential growth of the sector. Moreover, the growth and contribution of MSMEs established by owners desperate for employment differs from those who identified an opportunity in the business space (FinScope, 2017).

Additionally, FinScope (2017) found that a majority of MSMEs (63%) in the country were established by owners with entrepreneurial orientation with only 24% established by those who were desperate for employment. Consequently, the findings of the FinScope (2017) are impressive in projecting a vibrant MSME sector in the Kingdom of Eswatini. However, the results of this study on the size of MSMEs which revealed that 84% MSMEs employed between 0 to 10 people is discouraging because it suggests that despite being established by educated people with entrepreneurial orientation the level of growth is very minimal, a position that significantly affect the contribution of the sector to the national economy, employment creation and poverty alleviation.

4.6.1.2 Section 2 of the Questionnaire

4.6.1.2.1 Access to MSME Finance from Banks, FINCORP and IDCE is easy

The results indicate that a majority of participants (43%) disagreed with the above statement followed by 33% who were uncertain and 24% who agreed. Moreover, the results are consistent with the findings of the International Finance Corporation (2018) which estimated a finance gap in the tune of about $5.2 trillion in developing economies. Similarly, Dlamini (2019) in her study revealed that out of 1,390 loan applications that were made by MSMEs to the development finance institutions 66% of them were rejected. Additionally, FinScope (2017) also found that 90% of MSMEs were excluded from the credit market a position which compelled them to used personal savings, funds from family & friends, and informal credit.

However, the use of personal savings has a number of limitations despite being considered a convenient alternative to external credit from formal financial institutions. Moreover, personal saving requires a consistent discipline over a number of years for the savings to have a meaningful support or contribution to the needs of a business venture in terms of startup, working capital and expansion.

Consequently, this form of funding becomes appropriate for MSMEs run by older entrepreneurs who have had many years of saving particularly with formal financial institutions providing high interest bearing facilities such as banks. However, according to FinScope (2017) despite having a majority of MSMEs (73%) owned by entrepreneurs older than 34 years a position that projects appropriateness of these form of funding for the sector only 32% MSMEs save with formal financial institutions particularly banks. Additionally, the study found that 14% save with other formal institutions and the rest (54%) saving informally or not saving at all (FinScope, 2017).

Similarly, informal sources of funding are also considered as convenient, flexible and faster hence recognized by a number of MSMEs as an alternative to formal financing sources such as banks (FinScope, 2017). However, despite their convenience the cost related to informal financing sources is prohibitive to MSMEs in terms of high interest rates and massively depletes business revenue leading to a significant effect on the profitability of the business. Moreover, the results explain the transaction cost theory.

4.6.1.2.2 Availability of Collateral Improves Access to MSME Finance from Banks, FINCORP and IDCE

The results show that a majority of MSMEs (67%) agreed that collateral improves access to finance from formal financial institutions followed by 19% who were uncertain and 14% who disagreed. Moreover, the findings revealed two critical positions, firstly that collateral remains a critical determinant of access to credit for the sector and secondly that MSMEs do not borrow from formal financial institutions (Banks, FINCORP and IDCE). Consequently, Fomum and Opperman (2023) note the importance of collateral in access to finance for MSMEs from financial institutions and assert that it has an effect on the existing frictions in the financial markets.

Moreover, a study by Matsongoni et al. (2021) found that collateral was one of the main factors that affect access to finance for SMEs from financial institutions in the country. However, Dlamini (2019) found that collateral does not affect access to credit by MSMEs from the development finance institutions in the Kingdom of Eswatini. Moreover, these findings concurs with the assertions by UNECA & Eswatini Government (2021) that financial institutions in the country note that collateral is no longer a priority but regarded as a secondary requirement. However, Ajetomobi et al. (2022) assert that collateral remains a key deteminant of access to finance for MSMEs from financial institutions in the country and assert that commercial banks prioritize title deed land as appropriate collateral.

Furthermore, the results indicate that collateral remains critical in access to finance as reported by 67% MSMEs who have had an encounter with the financial institutions. Moreover, the results concur with Kira and He (2012) that collateral is crucial in loan assessments and a decisive factor in awarding credit to the sector. Similarly, Chowdhury and Alam (2017) contend that lending against collateral is popular in MSME lending. Additionally, the International Finance Corporation (2018) asserts that businesses with collateral stand a better chance in accessing finance than those who do not have. Similarly, according to Dlamini and Mohammed (2018) smallholder farmers occupying Swazi Nation Land were denied access to finance by commercial banks in the country due to lack of collateral.

Moreover, Kolakovic et al. (2019) assert that collateral is a key requirement in loan applications and businesses in possession of such collateral are preferred by banks over those who do not have. Similarly, Tadjibaeva (2019) asserts that collateral is a major requirement in an average of 78.95% of all loans according to global statistics and required in 96.5% of all loans in Uzbekistan.

Additionally, according to the International Finance Corporation (2018) 75% of all loans in South Africa were secured by collateral. Moreover, the results concur with FinScope (2017); Zwane (2019) where lack of collateral was cited as the major factor affecting access to finance by MSMEs in the country. Significantly, the importance of financial intermediation theory is explained from the results which demonstrate the importance of formal financial institutions as financial intermediaries in MSME credit. Additionally, the results explain the role of formal financial institutions as delegated monitors of investors" funds and ensuring atmost protection of the interest of depositors through giving assurance that loan obligations will be met (Njue & Mbongo, 2017).

Furthermore, the findings concur with the results of the (FinScope, 2017) which found that a majority (90%) of MSMEs do no borrow from formal financial institutions hence the 19% who were uncertain whether collateral does affect access to finance or not. Moreover, there are a number of reasons why MSMEs do not borrow from formal financial institutions such as preferred choice, lack of collateral and self-rationing. However, the results of this study revealed that a majority (67%) MSMEs reported that preferred choice was the main reason guiding the choice of their startup capital. Significantly, the results show that the high figures relating to the use of personal savings, funds from family & friends, and informal credit are not at the instance of financial institutions or their stringent loan application requirements.

Consequently, the results show that the pecking order theory and rational choice theory have a massive influence on the limited use of formal financial institutions on access to startup capital. Moreover, the findings concur with Warue et al. (2018); Xhaferi and Xhaferi (2015) who assert that the pecking order theory is based on the premise that businesses prefer internal sources of finance.

Similarly, according to Oshora et al. (2021) businesses consider external sources of finance once internal resources have been depleted. Additionally, Kuruppu and Azeez (2016) contend that small businesses seek external funding when internal resources are deemed inadequate. Furthermore, Elster (1989) cited in Ogu (2013) asserts that the importance of rational choice theory is that the overall outcome of a decision has a massive influence on the best decision taken where a person is faced with a number of options. Similarly, Becker (1993) cited in Brege (2019) notes that the rational choice theory explains the importance of the cost benefit analysis in decision making.

4.6.1.2.3 Availability of Credit Guarantee Schemes Improve Access to MSME Finance from Banks, FINCORP and IDCE

The results show that a majority of MSMEs (53%) were uncertain on the effectiveness of credit guarantee schemes on improving access to finance for MSMEs from formal financial institutions followed by 37% who agree and 10% who disagreed. Moreover, the results revealed two important factors about the SSELGS firstly that a majority of businesses (53%) lacked awareness of the existence of the scheme and secondly the importance of the scheme in improving access to finance. Consequently, a number of participants were completely ignorant or lacked awareness of the existence of the SSELGS (53%).

Additionally, the results concur with the findings of (Zwane, 2019, p. 17) that “From the results, it is clear that public awareness about the scheme is low; therefore, the study recommends that stakeholders managing the scheme should organize awareness programmes”. Moreover, UNECA and Eswatini Government (2021) noted a massive underutilization of the scheme and reporting a total of E111 million guaranteed loans as at the end of June 2020 representing an average of E3.7 million a year.

Similarly, the Centre for Financial Inclusion (2018) also reported an underutilization of the scheme asserting that it is currently undergoing a review to improve its effectiveness. Furthermore, the underutilization of the scheme was also reported by the Central Bank of Eswatini (2023) in their annual report and asserting that the bank has directed more attention to the creation of awareness of the scheme in various platforms aimed at improving its visibility and performance. However, the findings also revealed that the SSELGS is important in mitigating collateral challenges and improving access to finance by MSMEs. Moreover, the results concur with the Alliance for Financial Inclusion (2020) who asserts that credit guarantee schemes are an important element of a credit infrastructure.

Additionally, the results agree with Zwane (2019) who found a positive impact of the SSELGS in the country on both financial and economic additionality. Additionally, the importance of the scheme was also noted by the Central Bank of Eswatini (2023, p. 12) resulting in the bank investing resources in increasing the visibility of the scheme in different forums including the “Trade Finance Incentives” hosted by Eswatini Investment Promotion Authority. Furthermore, refresher training programs with participating financial institutions were also reported in the annual report as being prioritized by the bank (Central Bank of Eswatini, 2023).

4.6.1.2.4 Financial Literacy Improves Access to MSME Finance from Banks, FINCORP and IDCE

The results show that a majority of MSMEs (71%) agree that financial literacy improves access to finance from formal financial institutions followed by 16% who were uncertain and 13% disagreed. Moreover, this findings concur with the remarks of Phangisile Mngomezulu, Assistant Promotional Officer at the Ministry of Commerce Industry and Trade – MSME Unit in the financial literacy training held in Manzini where she remarked that "MSMEs in the country fail to qualify for capital funding due to a lack of financial literacy and discipline" (Magongo, 2022).

Furthermore, the results agree with Owen (2020) that financial literacy improves access to finance. Moreover, Nguyen and Nguyen (2020) assert that financial literacy is a decisive factor in participating in financial markets. Similarly, a multitude of studies found that financial literacy does affect access to credit in Indonesia (Hererra et al., 2023; Widyastuti et al., 2023; Wijayangka et al., 2021). Additionally, Charfeddine et al. (2024) found that financial literacy was one of the key determinants of access to credit in Qatar. Moreover, Addo and Asante (2023) found a significant relationship between financial literacy and access to credit in Ghana.

Consequently, Matsongoni et al. (2021) emphasized the importance of financial literacy on access to finance for SMEs in the country and recommended that SMEs should prioritize the improvement of financial literacy. Additionally, the results from Ajetomobi et al. (2022) revealed an urgent need to support the sector through the provision of financial literacy training services to the owners or managers of SMEs in the Kingdom of Eswatini. Moreover, UNECA and Eswatini Government (2021) emphasize the importance of financial literacy on access to credit for MSMEs in the country and recommend the promotion of the financial literacy level under pillar 5.

4.6.1.2.5 Training by SEDCO Improves MSME Owner or Manager Financial Literacy

The results show that a majority of MSMEs (50%) agree that training by SEDCO improves owner or manager financial literacy followed by 39% who were uncertain and 11% who disagree. Moreover, the results revealed two important issues firstly the effectiveness of SEDCO in financial literacy training and lack of awareness of their training programmes. Additionally, the results are impressive as capacitating a business owner with financial literacy is critical in improving access to credit and performance of MSMEs. Moreover, Ajetomobi et al. (2022) from descriptive statistics revealed an urgent need for supporting SMEs in the country through the provision of financial literacy training. However, the results differ from those of the Centre for Financial Inclusion (2018) where it was found that training by SEDCO was not effective because its content was very basic. Moreover, the lack of awareness of the training programmes offered by SEDCO is also worrying as reflected by the participants (39%).

4.6.1.2.6 Having More Information about Banks, FINCORP and IDCE Improves Access to MSME Finance (Assessment Criteria)

The results show that a majority of MSMEs (64%) agreed that information asymmetry affect access to finance for MSMEs from formal financial institutions followed by 18% who were uncertain and 18% who disagree. Moreover, the findings concur with Alliance for Financial Inclusion (2020) that information asymmetry in the country from both sides of the credit system cause financial institutions to adopt stringent loan assessment mechanisms. Similarly, Dlamini and Mohammed (2018) in their study found that keeping financial records was one of the factors affecting the choice of credit sources by SMEs in the Kingdom of Eswatini. Additionally, Matsongoni et al. (2021, p. 7) in their study on “an evaluation of the factors influencing access to finance among SMEs in the Manzini region in Eswatini” cite information asymmetry as one of the main challenges of access to finance.

Furthermore, Dlamini (2019) note the existence of information asymmetry problems amongst development finance institutions and SMEs in the Kingdom of Eswatini. Additionally, the results agree with a multitude of research studies on the importance of information asymmetry on access to finance (Ajayi et al., 2021; Nkwinika & Akinola, 2023). Similarly, Agyei (2018) contend that meeting financial demands for small businesses is compromised by information asymmetry. Moreover, according to the Asian Development Bank (2021) information asymmetry is highlighted as a key obstacle in access to finance for MSMEs. Moreover, Yoshino and Taghizadeh-Hesary (2017) contend that there is information asymmetry between borrowers of funds and the banks. Similarly Wang et al. (2020) note that borrowers have better information about the risk associated with a loan facility than the lenders.

4.6.1.3 Establishing Relationship between Variables

4.6.1.3.1 Research Question 1: What is the Relationship between Collateral and Access to Finance for MSMEs?

Null Hypothesis 1: There is No Relationship between Collateral and Access to Finance for MSMEs

Spearman correlation analysis was used to determine the relationship between access to finance and collateral with 0.05 level of significance adopted. Moreover, the results show that access to finance is positively correlated to collateral with a coefficient of .30, p-value .000134 and significant at $p<0.05$. Therefore, the null hypothesis is rejected. Consequently, the results revealed that there is a relationship between access to finance and collateral.

4.6.1.3.2 Research Question 2: What is the Relationship between Financial Literacy and Access to Finance for MSMEs?

Null Hypothesis 2: There is No Relationship between Financial Literacy and Access to Finance for MSMEs

Spearman correlation analysis was used to determine the relationship between access to finance and financial literacy with 0.05 level of significance adopted. Moreover, the results show that access to finance is positively correlated to financial literacy with a coefficient of .42, p-value .000001 and significant at $p<0.05$. Therefore, the null hypothesis is rejected. Consequently, the results revealed that there is a relationship between access to finance and financial literacy.

4.6.1.3.3 Research Question 3: What is the Relationship between Information Asymmetry and Access to Finance for MSMEs?

Null Hypothesis 3: There is No Relationship between Information Asymmetry and Access to Finance for MSMEs

Spearman correlation analysis was used to determine the relationship between access to finance and information asymmetry with 0.05 level of significance adopted. Moreover, the results show that access to finance is positively correlated to information asymmetry with a coefficient of .43, p-value .000001 and significant at $p<0.05$. Therefore, the null hypothesis is rejected. Consequently, the results revealed that there is a relationship between access to finance and information asymmetry.

4.6.1.3.4 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Null Hypothesis 4: There is No Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs

Spearman correlation analysis was used to determine the relationship between access to finance and firm characteristic (legal status) with 0.05 level of significance adopted. Moreover, the results show that access to finance is positively correlated to firm characteristic (legal status) with a coefficient of .12, p-value .143242 and not significant at $p<0.05$. Therefore, the null hypothesis is not rejected. Consequently, the results revealed that there is no relationship between access to finance and firm characteristic (legal status).

4.6.1.3.4 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Null Hypothesis 4: There is No Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs

Spearman correlation analysis was used to determine the relationship between access to finance and firm characteristic (sector) with 0.05 level of significance adopted. Moreover, the results show that access to finance is positively correlated to firm characteristic (sector) with a coefficient of .14, p-value .083504 and not significant at $p<0.05$. Therefore, the null hypothesis is not rejected. Consequently, the results revealed that there is no relationship between access to finance and firm characteristic (sector).

4.6.1.3.4 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Null Hypothesis 4: There is No Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs

Spearman correlation analysis was used to determine the relationship between access to finance and firm characteristic (age) with 0.05 level of significance adopted. Moreover, the results show that access to finance is negatively correlated to firm characteristic (age) with a coefficient of (.08), p-value .318603 and not significant at $p<0.05$. Therefore, the null hypothesis is not rejected. Consequently, the results revealed that there is no relationship between access to finance and firm characteristic (age).

4.6.1.3.4 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Null Hypothesis 4: There is No Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs

Spearman correlation analysis was used to determine the relationship between access to finance and firm characteristic (size) with 0.05 level of significance adopted. Moreover, the results show that access to finance is negatively correlated to firm characteristic (size) with a coefficient of (.14), p-value .87087 and not significant at $p<0.05$. Therefore, the null hypothesis is not rejected. Consequently, the results revealed that there is no relationship between access to finance and firm characteristic (size).

4.6.1.3.4 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Null Hypothesis 4: There is No Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs

Spearman correlation analysis was used to determine the relationship between access to finance and owner or manager characteristic (gender) with 0.05 level of significance adopted. Moreover, the results show that access to finance is negatively correlated to owner or manager characteristic (gender) with a coefficient of (.14), p-value .73472 and not significant at $p<0.05$. Therefore, the null hypothesis is not rejected. Consequently, the results revealed that there is no relationship between access to finance and owner or manager characteristic (gender).

4.6.1.3.4 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Null Hypothesis 4: There is No Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs

Spearman correlation analysis was used to determine the relationship between access to finance and owner or manager characteristic (age) with 0.05 level of significance adopted. Moreover, the results show that access to finance is negatively correlated to owner or manager characteristic (age) with a coefficient of (0.4), p-value .59674 and not significant at $p<0.05$. Therefore, the null hypothesis is not rejected. Consequently, the results revealed that there is no relationship between access to finance and owner or manager characteristic (age).

4.6.1.3.4 Research Question 4: What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

Null Hypothesis 4: There is No Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs

Spearman correlation analysis was used to determine the relationship between access to finance and owner or manager characteristic (level of education) with 0.05 level of significance adopted. Moreover, the results show that access to finance is negatively correlated to owner or manager characteristic (level of education) with a coefficient of (.03), p-value .726733 and not significant at $p<0.05$. Therefore, the null hypothesis is not rejected. Consequently, the results revealed that there is no relationship between access to finance and owner or manager characteristic (level of education).

4.6.2 Evaluation of Qualitative Findings

4.6.2.1 Does the Availability of Collateral Affect Lending to MSMEs?

Thematic analysis was used to analyze qualitative data following Braun and Clarke (2006) six stages of thematic analysis, theoretical or deductive approach adopted, open coding used and themes identified at semantic level focusing on what participants have said. The results show that four themes were identified in response to the above question: the importance of collateral on lending to MSMEs, lack of collateral among MSMEs, mitigating factors of lack of collateral and other factors affecting lending to MSMEs.

4.6.2.1.1 The Importance of Collateral on Lending to MSMEs

The results show that opinions of financial institutions were mixed in this theme with some stating that collateral is important in MSME lending: "*Every time MSMEs come to our organization they will be required to provide collateral as our institution does not do unsecured lending which plays an important role in showing customer commitment*‖. However, other participants reported that collateral was no longer important in MSME lending: "*I wouldn't say collateral is a requirement upfront*" "*I can say that we do not insist that much on the collateral because of the credit scoring system but it does give us comfort*".

4.6.2.1.2 Lack of Collateral on Lending to MSMEs

The results show that lack of collateral was overwhelmingly cited as a major challenge by participants: ―*In most cases MSMEs cannot afford the required collateral*‖.

4.6.2.1.3 Mitigating Factors of Lack of Collateral

The results shows that some participants reported that collateral is no longer a key requirement for financial institutions because they now have a couple of mitigating mechanisms of its requirement: ―*With government having come up with some initiatives such as the small scale enterprise loan guarantee scheme (SSELGS) managed by the Central Bank of Eswatini I think that challenge is somehow addressed*‖ ―*As an organization we do have some mitigating factors including a scoring system that enables us to score MSMEs up to E250,000, meaning we can give such businesses unsecured loans up to E250,000*‖.

4.6.2.1.4 Other Factors Affecting Lending to MSMEs

The results show that financial institutions identified other factors affecting lending to MSMEs other than collateral: "*Primarily what we require is a business plan or a business concept that is viable*" "*We assess the repayment ability*" "*Of course it is important to ask that the owner of a business that he/she must have invested in the business so that we are not owners of the business but he/she is the owner or initial investor of the business*" "*Our decision making would be influenced by a number of factors and as a basis is how much a borrower is looking for, what is your loan size*‖.

Therefore, the results show that collateral does affect lending to MSMEs by financial institutions. Moreover, the results concur with literature which revealed that collateral continues to be a determining factor on access to credit by MSMEs from financial institutions (Orie, 2020; Uddin et al., 2022). Consequently, the results agree with literature that collateral continues to be important in access to credit by MSMEs in the Kingdom of Eswatini (Fomum & Opperman, 2023). In contrast, the results differ from the findings of Dlamini (2019) that collateral does not affect access to finance by MSMEs from the development finance institutions in the country.

Additionally, the results do not agree with the assertions by banks that collateral is no longer a priority but considered as secondary in their loan assessment processes (UNECA & Eswatini Governemnt, 2021). Futhermore, the results revealed that despite its importance lack of collateral on access to credit for MSMEs continues to be a major challenge in the country. Moreover, the results agree with Ajetomobi et al. (2022) that banks in the Kingdom of Eswatini prioritize title deed land as an acceptable form of collateral which most MSMEs fail to provide. Furthermore, the results show that in trying to circumvent the lack of collateral a number of mitigating mechanisms have been established by financial institutions including the use of the SSELGS and credit scoring system.

Moreover, the results concur with Centre for financial Inclusion (2018); UNECA and Eswatini Government (2021) that the SSELGS was established by our government in 1990 to improve the chances of access to credit by MSMEs in the country. However, despite its importance the Central Bank of Eswatini (2023) reports an underutilization of the scheme. Furthermore, the results revealed that business viability, commitment, loan size and repayment ability were other important factors affecting lending to the sector other than collateral.

4.6.2.2 Does Financial Literacy of MSME Owner or Manager Affect Lending to MSMEs?

Thematic analysis was used to analyze qualitative data following the six phases of thematic analysis by (Braun & Clarke, 2006), theorectical or deductive approach adopted, open coding used and themes identified at semantic level focusing on what participants have said. The results show that three themes were identified in response to the above question: importance of financial literacy on lending to MSMEs, lack of financial literacy among owners or managers of MSMEs and effectiveness of financial literacy training programs to MSMEs.

4.6.2.2.1 Importance of Financial Literacy on Lending to MSMEs

The results revealed that the opinions of participants were diverse with some indicating that financial literacy was critical in lending to MSMEs: ―*I must say that financial literacy does have a huge effect because like for instance a business might request professional accountants to assist with the preparation of the financials but struggle to explain what is contained in the document a situation that affect our assessment process*‖. However, other participants reported that financial literacy does not affect lending to MSMEs: "*I don't want to believe that is an impediment in our decision making*".

4.6.2.2.2 Lack of Financial Literacy among Owners or Managers of MSMEs

The results show that lack of financial literacy was cited a major challenge on lending to MSMEs: ―*Financial literacy is a problem you find that MSMEs will engage consultants to help them with business plans and cash-flow projections but they can hardly interpret what is contained in those documents a position that makes it difficult for them to run the business according to the business plan*‖ ―*Predominantly financial literacy is lacking in MSMEs*‖.

4.6.2.2.3 Effectiveness of Financial Literacy Training to MSMEs

The results show that participants were of the opinion that financial literacy training offered in the country was not effective in improving MSME owner or manager financial literacy: "*Even those who have attended business management courses when you engage them they still lack understanding of the basic financial concepts*" ―*Also institutions like SEDCO they do provide some training but in most cases businesses that come to our organization they lack financial acumen*".

Therefore, the results show that financial literacy does affect lending to MSMEs. Moreover, the results agree with literature which revealed that financial literacy remains important on access to credit by MSMEs (Charfeddine et al., 2024, Hererra et al., 2022; Owen. 2020; Widyastuti et al., 2023). Consequently, the results concur with literature which also showed that financial literacy was crucial in access to credit for the sector in the Kingdom of Eswatini (Matsongoni et al., 2021). However, despite its importance the results revealed that there is a significant lack of financial literacy among MSME owners or managers in the country.

Moreover, the results agree with literature which showed a lack of financial literacy among MSME owners or managers and noting an urgent need for the issue to be addressed through directing more attention to its improvement (Ajetomobi et al., 2022; UNECA & Eswatini Government, 2021). Additionally, the results revealed that financial literacy training offered by different organizations in the country including SEDCO were not effective in improving financial literacy of MSME owners or managers. Moreover, the results concur with UNECA and Eswatini Government (2021) who also reported that training services provided by SEDCO were not effective in improving the financial literacy levels of MSME owners or managers.

4.6.2.3 Does Information Asymmetry Affect Lending to MSMEs?

Thematic analysis was used to analyze qualitative data following the six phases of thematic analysis by (Braun & Clarke, 2006), theoretical or deductive approach adopted, open coding used and themes identified at semantic level focusing on what participants have said. The results show that four themes were identified in response to the above question: the effect of information asymmetry on lending to MSMEs, importance of due diligence in mitigating information asymmetry, the importance of technology, well designed forms and capacity of credit officers in adequately performing due diligence and lack of transparence from MSMEs.

4.6.2.3.1 The Effect of Information Asymmetry on Lending to MSMEs

The results show that the opinions of participants on the effect of information asymmetry on lending to MSMEs were mixed with some reporting that it does not affect lending to the sector: ―*I wouldn't say information asymmetry affect lending to MSMEs because you know that it is the duty of financiers to actually mine that information.* However, other participants opined that information asymmetry has a massive effect on the lending to MSMEs: ―*I would say yes information asymmetry does affect lending to MSMEs‖.*

4.6.2.3.2 Importance of Due Diligence in Mitigating Information Asymmetry

The results show that participants opine that due diligence was critical in mitigating information asymmetry: ―*I wouldn't say it affect lending to MSMEs because you know that it is the duty of financiers to actually mine that information, it is part of their due diligence‖.*

4.6.2.3.3 The Importance of Technology, Well Designed Forms and Capacity of Credit Officers in Adequately Performing Due Diligence

The results show that some participants were of the opinion that latest technology, well designed forms and capacity of credit officer were helpful in performing due diligence: ―*Honestly with the latest technology it's easy to know prospective borrowers‖* ―*Our forms are sufficient enough to provide all relevant information pertaining to the borrower*" "*So our officers are well trained to actually probe and get more information that is relevant in order for us to make a credit decision and a business decision*".

4.6.2.3.4 Lack of Transparence from MSMEs

The results show that participants highlighted lack of transparence as one of the factors that exercibated information asymmetry: "*MSMEs do not share information which then compromises our loan assessment processes*".

Therefore, the results show that information asymmetry does affect lending to MSMEs and lack of transparence from business owners or managers posing a major challenge. Moreover, the results agree with literature which revealed that information asymmetry continues to be cited as one of the main challenges or obstacles in access to finance for MSMEs from financial institutions (Asian Development Bank, 2021). Additionally, Mund (2020) also note the effect of information asymmetry on access to finance for MSMEs in India and assert that the sector is financially constrained due to the failure to furnish their bankers with appropriate information.

Moreover, Dlamini (2019) emphasizes the effect of information asymmetry on access to finance for SMEs from financial institutions in the Kingdom of Eswatini and also note the existence of information asymmetry amongst development finance institutions and SMEs. Additionally, the results revealed that due diligence was critical in mitigating information asymmetry and citing technology, well designed forms and capacity of credit officers as important factors in performing due diligence. However, whilst due diligence is crucial in addressing information asymmetry problems between MSMEs and financial institutions the risk of increasing transaction costs cannot be ignored.

Moreover, the OECD (2018) cited in Dlamini (2019, p. 19) note the effect of high transaction costs on access to finance from financial institutions and asserts that "high transaction costs contribute to the inability by SME business to access debt from financial institutions". Additionally, high transaction costs are cited as one of the major challenges affecting access to credit for MSMEs from financial institutions in the Kingdom of Eswatini (Ajetomobi et al., 2022; UNECA & Eswatini Government, 2021). As a result, women in the country avoid borrowing from commercial banks because of high transaction costs among other reasons (Ajetomobi et al., 2022).

4.6.2.4 Do Firm Characteristics (Legal Status, Age and Size) Affect Lending to MSMEs?

4.6.2.4.1 The Effect of Legal Status on Lending to MSMEs

The results show that legal status (company, partnership, sole trader) of MSMEs does not affect lending to the sector: ―*Legal status, is not an issue because we do fund micro businesses, sole traders and proprietary companies*".

4.6.2.4.2 The Effect of Business Age on Lending to MSMEs

The results show that the opinions of participants were mixed with some reporting that age of MSMEs does not affect lending to the sector: "*Business age is not an issue in our organization*". However, other participants opine that business age does affect lending to MSMEs: "*When we assess a financial request it depends on how it comes to us whether as a start-up business or an existing business*‖.

4.6.2.4.3 The Effect of Business Size on Lending to MSMEs

The results show that opinions of participants were mixed with some reporting that business size of MSMEs does affect lending to the sector: "*The size does affect our lending decision particularly on the size of the facility*‖. However, other participants were of the opinion that business size does not affect lending to the sector: "*Business size is not an issue*".

Therefore, the results show that legal status (company, partnership, sole trader) does not affect lending to MSMEs. Moreover, the results do not agree with literature which revealed that from a number of studies that have been conducted across many countries legal status was reported as one of the main obstacles affecting access to credit (UNECA & Eswatini Government, 2021). Additionally, formal registration is a requirement for access to finance from financial institutions as well as qualifying for the SSELGS in the country (FinScope, 2017; Centre for Finacial Inclusion, 2018). However, the results revealed that the opinions of participants were mixed with regards to business age and size.

Furthermore, the results do not agree with literature which revealed that matured businesses were less constrained on access to finance from financial institutions compared to newly established businesses (Rajamani & Nirmal, 2019). Additionally, according to Dlamini (2019) only well established and matured SMEs are in a better position or advantage to access credit from development finance institutions in the Kingdom of Eswatini. Furthermore, the results differ from literature which revealed that large businesses were less constrained on access to credit from financial institutions than small businesses (Flamiano & Franscisco, 2021; OECD, 2019). Moreover, Kolakovic et al. (2019) assert that large businesses are more preferred by banks compared to the small businesses.

4.6.2.5 Do Owner or Manager Characteristics (Age, Gender and Level of Education) Affect Lending to MSMEs?

4.6.2.5.1 The Significance of the Age of the Owner or Manager on Lending to MSMEs

The results show that the opinions of participants were mixed regarding the effect of owner or manager age on lending to MSMEs with some participants reporting that it does affect lending to the sector: "*The age of the owner does affect our lending decision particularly where the owner is old hence we require more details pertaining the succession plan*‖. However, other participants opine that owner or manager age does not affect lending to MSMEs: "*We have no issue with age*‖.

4.6.2.5.2 The Effect of Gender of the Owner on Lending to MSMEs

The results show that gender does not affect lending to MSMEs: "*Gender do not affect our lending decision to MSMEs*" "*In terms of gender we entertain both gender, we are not so particular we only consider loans*".

4.6.2.5.3 The Effect of the Level of Education, Experience and Character of the Owner on Lending to MSMEs

The results show that level of education of the owner or manager of MSME business does not affect lending to the sector. However, the participants revealed that relevant experience and character of the owner or manager are crucial in lending to the sector.

Therefore, the results show that gender and level of education do not affect lending to MSMEs. Additionally, the opinions of participants regarding the age of the owner or manager were mixed with some reporting that it does affect lending to MSMEs and others stating that it does not affect lending to the sector. Consequently, the findings concur with Ahmad et al. (2022) who found that gender does not affect access to credit for SMEs in Khyber Pakhtunkwa, Pakistan. However, the results do not agree with literature which revealed that owner or manager characteristics do affect access to credit by MSMEs from financial institutions (Akoten & Odhuno, 2023; Makani, 2020). Additionally, Twumasi et al. (2022) in their study found that gender, age and education of the owner or manager were some of the factors that have a massive effect on access to finance in Ghana.

Futhermore, according to the Centre for Financial Inclusion (2018) the level of education of the owner or manager does affect access to finance for the sector in the Kingdom of Eswatini. Consequently, highly educated owners or managers are well positioned in mitigating threat, taking advantage of new opportunities and making sound business decisions (Centre for Financial Inclusion, 2018). Additionally, a study by Ajetomobi et al. (2022) concluded that female owned businesses rely more on non-bank and informal credit because they are more challenged financially compared to their male conterparts. Moreover, the results revealed that relevant experience and character of the owner or manager were important in MSME lending.

4.6.3 Triangulation of the Study Findings

The findings of this study involve quantitative results derived from quantitative data collected from MSMEs and qualitative results derived from qualitative data collected from financial institutions (Banks, FINCORP and IDCE). Moreover, triangulation of the results is guided by the research objectives: to establish the relationship between collateral and access to finance for MSMEs, to establish the relationship between financial literacy and access to finance for MSMEs, to establish the relationship between information asymmetry and access to finance for MSMEs and to establish the relationship between firm and owner or manager characteristics and access to finance for MSMEs.

4.6.3.1 To Establish the Relationship between Collateral and Access to Finance for MSMEs

The results from quantitative data revealed that there is a significant positive relationship between collateral and access to finance for MSMEs. However, qualitative findings were mixed in this regard with some participants reporting that collateral continues to affect lending to MSMEs whereas others opined that collateral was no longer an issue on lending to the sector. Moreover, lack of collateral was cited as a major challenge by those participants who were of the view that collateral continues to affect lending to MSMEs. However, those participants who opined that collateral no longer an issue cited the SSELGS and scoring system as the main mitigating factors. Additionally, the results revealed that business viability, commitment, loan size and repayment ability were other important factors affecting lending to the sector other than collateral.

4.6.3.2 To Establish the Relationship between Financial Literacy and Access to Finance for MSMEs

The results from quantitative data revealed that there is a significant positive relationship between financial literacy and access to finance for MSMEs. However, the qualitative results were mixed in this regard with some participants reporting a massive effect of financial literacy on lending to MSMEs with some reporting that it does not affect their lending decision to the sector. Additionally, lack of financial literacy among owners or managers was cited as a major challenge by participants who reported that it does affect lending to MSME. Moreover, the participants also revealed that available training on financial literacy including those offered by SEDCO were not effective in improving the financial literacy level of MSME owners or managers.

4.6.3.3 To Establish the Relationship between Information Asymmetry and Access to Finance for MSMEs

The results from the quantitative data show that there is a significant positive relationship between information asymmetry and access to finance for MSMEs. However, qualitative results were mixed in this regard with some participants reporting that information asymmetry does not affect lending to MSMEs whereas others opined that it does. Moreover, lack of transparence was cited as a major challenge by the participants who reported that information asymmetry does affect lending to MSMEs. Additionally, the results revealed that due diligence was critical in mitigating information asymmetry and citing technology, well designed forms and capacity of credit officers as important factors in performing due diligence.

4.6.3.4 To Establish the Relationship between Firm and Owner or Manager Characteristic and Access to Finance for MSMEs

4.6.3.4.1 Legal Status

The quantitative results show that there is no relationship between firm characteristic (legal status) and access to finance for MSMEs. Moreover, the results were overwhelmingly supported by the qualitative results.

4.6.3.4.2 Business Age

The quantitative results show that there is no relationship between firm characteristic (age) and access to finance for MSMEs. However, qualitative results were mixed with some participants reporting that age of a business does affect lending to MSMEs particularly on whether it is a startup or existing. In contrast, some participants opine that business age does not influence their lending decision to the sector.

4.6.3.4.3 Business Size

The quantitative results show that there is no relationship between firm characteristic (size) and access to finance for MSMEs. However, qualitative results were mixed with some participants reporting that size of a business does not affect lending to MSMEs. In contrast, some participants opine that business age does influence their lending decision to the sector particularly on the size of the loan.

4.6.3.4.4 Gender of the Owner or Manager

The quantitative results show that there is no relationship between owner or manager characteristic (gender) and access to finance for MSMEs. Moreover, the results were overwhelmingly supported by the qualitative results.

4.6.3.4.5 Age of the Owner or Manager

The quantitative results show that there is no relationship between owner or manager characteristic (age) and access to finance for MSMEs. Moreover, qualitative results in this regard were mixed with some participants reporting that age of the owner or manager does affect lending to MSMEs particularly where the customer is above the insurable age limit. In contrast, other participants opined that age does not have any effect on their lending decision to the sector.

4.6.3.4.6 Level of Education of the Owner or Manager

The quantitative results show that there is no relationship between owner or manager characteristic (level of education) and access to finance for MSMEs. Moreover, the results were overwhelmingly supported by the qualitative results. However, the qualitative results revealed that relevant experience and character of the owner or manager were instead critical in MSME lending.

4.7 Assumptions, Limitations and Delimitations

Assumptions, limitations and delimitations constitute an important part of a research study and critical in ensuring validity of a study, better interepretation of the findings & conclusions, demonstrating the integrity and honesty of the researcher. Moreover, Theofanidis and Fountouki (2018, p. 161) in their study concluded that "Authors should report their research limitations, delimitations and assumptions in order to improve the quality of their findings and the interpretation of the evidence presented". Additionally, extensively discussing assumptions, limitations and delimitations enables a study to become a basis for future research and enhance the chances of having the research cited (Theofanidis & Fountouki, 2018).

However, despite the importance of these concepts in a research Miles (2017) notes a huge lack of understanding of limitations and delimitations, and asserts that they are confused in many instances by both experienced and novice researchers. Similarly, Theofanidis and Fountouki (2018) assert that understanding the definition and meaning of the two concepts is crucial in biomedical research. Therefore, extensively discussing and reporting assumptions, limitations and delimitations become imperative in improving the quality of a study.

4.7.1 Assumptions

Assumptions are fundamental and crucial in informing the existence of a research problem and ensuring the relevance of a study, and defined as the factors accepted as real or true without any confirmation or evidence. Moreover, Leedy and Armrod (2015) emphasize the importance of assumptions in academic research and assert that they form the basis and bring meaning to a study. Additionally, the authors warn that the disappearance of assumptions compromise or affect the relevenance of a study. As a result, the Leedy and Armrod (2015) advice that all assumptions related to a research problem should be clearly stated in order to enable readers of a study to make informed evaluations of the conclusions emanating from those assumptions. Therefore, clearly discussing and reporting the main assumptions of this study becomes important. Consequently, two main assumptions are clearly discussed below:

4.7.1.1 This study assumed that all participants would provide honest and objective responses to all questions asked. Consequently, in order to facilitate or enhance the participation of participants in the study and circumvent chances of hesitation and unthruthfulness, assurances of anonymity and confidentiality were made in writing in the consent forms as well as verbally during the introduction stage of the data collections process.

4.7.1.2 This study also assumed that the sample would be representative of the target population. Consequently, in order to facilitate or enhance this assumption stratified random sampling approach was adopted to select the sample from MSMEs and purposive sampling approach used to select the sample from financial institutions.

4.7.2 Limitations

Limitations play an important role in demonstrating the integrity and honesty of a researcher as well as ensuring the credibility & reliability of the findings and conclusions of a study. Moreover, Ross and Zaidi (2019) define limitations as weaknesses found in a research design which have a potential to affect the findings and conclusions of a study. Additionally, Miles (2017) asserts that limitations are outside of the control of a researcher. Significantly, Saunders et al. (2009) contend that limitations are found in all research studies. Similarly, Leedy and Ormrod (2015, p. 63) assert that “No research project can be perfect”. However, despite their importance and presence in all research studies many researchers normally avoid this section under the notion that it exposes their weaknesses and make them to be seen as fools (Saunders et al., 2009; Sreejesh et al., 2014).

Significantly, Sreejesh et al. (2014) warn of such unbecoming behaviour and assert that it is a demonstration of lack of professionalism by a researcher. Consequently, Saunders et al. (2009) emphasize the importance of looking at this concept from a different perspective and contend that limitations should not be viewed as confession of weaknesses instead as a matured reflection of the extent to which the findings and conclusions of a study could be deemed trustworthy.

Similarly, Sreejesh et al. (2014) assert that clearly reporting limitations do not undermine the significance of a study but instead demonstrate the credibility of a research to the reader. Moreover, Leedy and Ormrod (2015) contend that acknowledgement of limitations in a study is an indication of the level of honesty and credibility of a researcher. As a result, all limitations or weaknesses identified in a research study should be clearly stated in the relevant section of a research (Leedy & Ormrod, 2015; Sreejesh et al., 2014). Moreover, Babbie (2010) asserts that clearly reporting all weaknesses or flaws of a research study to the readers is an obligation of a researcher. Additionally, Ross and Zaidi (2019) contend that "Researchers have an obligation to the academic community to present complete and honest limitations of a presented study".

Therefore, clearly articulating all limitations indentified in this study becomes imperative in discharging all obligations of the researcher to the reader and academic community (Babbie, 2010; Ross & Zaidi, 2019). Consequently, limitations identified in this study are clearly reported below:

4.7.2.1 The target population of this study was MSMEs in Mbabane and six financial institutions comprising four banks & two development finance institutions. Moreover, no agricultural services are performed in the capital city. Consequently, the agricultural sector was not represented in the study sample. As a result, the opinions of this sector were completely missed which may have an effect on the findings and conclusion of this study in consideration of the fact that the sector contributes about 60% of the MSME output to the country (UNECA & Eswatini Government, 2021). Consequently, in discharge of my obligation as a researcher to the relevant stakeholders this limitation was also clearly reported in my recommendations for future research.

4.7.2.2 This study used structured questionnaires with closed ended questions to collect data from MSMEs and semi structured interviews guided by an interview schedule to collect data from the financial institutions. Moreover, the questionnaires did not contain open ended questions. As a result, additional information relating to the choices made by participants in the questionnaire was missed. Additionally, no quantifiable data was collected from the financial institutions. Consequently, in discharge of my obligation as researcher to the relevant stakeholders (readers and academic community) this limitation was also clearly reported in the recommendations for future research.

4.7.2.3 This study adopted thematic analysis following Braun and Clarke (2006) six phases of thematic analysis to analyze qualitative data collected from the financial institutions. Consequently, the results were reported through themes without the capacity of being quantified. As a result, some challenges were experienced particularly in instances where participants had different opinions to the same question: ―*Yes, collateral does affect lending to MSMEs because they are considered as high risk*‖ ―*I wouldn't say collateral is a requirement upfront*‖.

However, adopting content analysis would have allowed the quantification of participants‟ responses like for instance if 3 out of the 4 participants agreed that collateral was a challenge, a 75% ratio would indicate a much clear position. Consequently, in discharge of my obligation as a researcher to the relevant stakeholders (readers and academic community) this limitation has also been clearly reported in the recommendations for future research.

4.7.2.4 The optimal sample size of MSMEs was determined following the University requirement of 1/3 of the target population. As a result, a much lesser sample size was determined compared to the size that would have been arrived at had Yamane formula been used given the level of precision it possess. Consequently, in discharge of my obligation as a researcher to the relevant stakeholders (readers and academic community) this limitation has also been clearly reported in the recommendations for future research.

4.7.3 Delimitations

Delimitations constitute an important part of a research study and critical in setting the scope or boundaries of a research as well as ensuring its focus. Moreover, Theofanidis and Fountouki (2018, p. 157) define delimitations as the "limitations consciously set by the authors themselves". Additionally, Leedy and Ormrod (2015) assert that delimitations play an important role in clearly articulating what the researcher is not intending to do and critical in confining a research study to the research problem. Similarly, Creswell (2014) contends that delimitations assist in defining the parameters of a research study.

Furthermore, Miles (2017) asserts that delimitations are crucial in guiding the generalizability of study findings and helping researchers guard against generalizing their studies to the entire population. However, despite their importance the Miles (2017) contends that delimitations are in many instances confused with limitations and used interchangeable by both experienced and novice researchers. As a result, Ross and Zaidi (2019) note the importance of clearly describing and presenting delimitations in helping editors & reviewers to understand all issues pertaining to the methodology of a study.

Therefore, clearly discussing the delimitations associated with this research becomes imperative in ensuring the focus of the study. Consequently, the delimitations of this study are clearly discussed below:

4.7.3.1 The target population of this study was MSMEs in Mbabane and six financial institutions comprising four banks & two development finance institutions.

4.7.3.2 The mixed methods methodology convergent design was adopted in this study

4.7.3.3 Four clear research objectives were developed in alignment with the research problem

4.7.3.4 Four clear research questions and null hypothesis were derived from the research objectives

4.7.3.5 Stratified random sampling approach was used to select MSME sample and purposive sampling approach used to select financial institutions

4.7.3.6 Only owners or managers with a better understanding of the financial affairs of the business were requested to participate from MSMEs and only heads of the MSME department were requested to participate from financial institutions.

4.7.3.7 Structured questionnaires with closed ended questions were used to collect data from MSMEs and administered face to face, and semi structured interviews guided by an interview schedule were used to collect data from financial institutions.

4.7.3.8 Quantitative data collected from MSMEs were analyzed for both descriptive and inferential statistics in PSPP software and qualitative data collected from financial institutions were analyzed through Thematic analysis following Braun and Clarke (2006) six stages of data analysis, theoretical or deductive thematic analysis and themes identified at semantic level.

Summary

This chapter extensively discussed the processes that were followed in ensuring the trustworthiness of the data. Moreover, two phases were adopted in discussing the trustworthiness of the data: ensuring the validity and reliability of quantitative data, ensuring the trustworthiness of qualitative data and the considering the threats to reliability. Consequently, the ways on how face validity, content validity, transferability, dependability, credibility, conformability and authenticity were achieved were extensively discussed. Additionally, the approach used to address the threats to reliability: “participant error, participant bias, observer error and observer bias” were also discussed (Robson, 2002 cited in Saunders et al., 2009, p. 156-157).

Furthermore, the data analysis process was also discussed in detail and involved two phases: quantitative data analysis and qualitative data analysis processes. Consequently, quantitative data was analyzed following (Sreejesh et al, 2014, p. 164) seven stages of data analysis: “validation, editing, coding, data entry, data cleaning and tabulation”. Moreover, the data was analyzed through descriptive and inferential statistics in PSPP software. In contrast, qualitative data was analyzed through thematic analysis following Braun and Clarke (2006, p. 16 - 24) six phases of data analysis: “familiarizing yourself with your data, generating initial codes, searching for themes, reviewing themes, defining and naming themes and producing the report”. Moreover, theoretical or deductive approach was adopted and themes identified at semantic level.

Furthermore, the results of the study were presented in two phases: quantitative results and qualitative results. Moreover, descriptive quantitative results were presented in tables and pie charts using Microsoft Excel, and inferential statistics presented in tables derived from Microsoft Word.

In contrast, qualitative results were reported through themes which were reported verbatim in order to ensure authenticity of the findings. Additionally, the evaluation or interpretation of the study findings was discussed involving three phases: evaluation of quantitative data including the testing of the null hypothesis, evaluation of qualitative findings and triangulation of the study findings. Furthermore, the assumptions, limitations and delimitations associated with the study were clearly discussed and reported.

CHAPTER 5: IMPLICATIONS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

Micro, small and medium enterprises are fundamental to national economies around the world because of their contribution to the GDP, employment creation, innovation and poverty alleviation. However, access to finance continues to be cited as the major challenge by the sector despite a multitude of studies acknowledging that finance is the lifeblood of all businesses irrespective of their size and required in all stages of their business life cycle.

Consequently, the government of the Kingdom of Eswatini like the rest of the world directed more attention to the development of the sector through the establishment of a number of initiatives including the establishment of SEDCO in 1970 to provide incubation and financial literacy training to MSMEs as well as the SSELGS in 1990 to mitigate collateral challenges and improve access to finance for MSMEs. Similarly, the financial institutions have also shown interest in supporting the sector through the establishment of MSME departments within their respective banks.

However, a study by FinScope in 2017 revealed that despite all the above highlighted initiatives MSMEs continue to report access to finance as the major challenge. Consequently, this is how the research problem was conceived "why are MSMEs in the Kingdom of Eswatini continue to report access to finance as a major challenge despite the availability of a multitude of government interventions including the SSELGS and development finance institutions as well as banks willingness to assist the sector through the establishment of MSME departments within their banks".

Consequently, the purpose of this mixed method methodology and convergent design was to investigate the barriers impeding access to finance for MSMEs in Mbabane Eswatini, through a comprehensive study that aimed to draw comments from both sides of the credit system: supply (banks and development finance institutions) and demand (MSMEs). Moreover, quantitative data was collected from MSMEs through structured questionnaires with closed ended questions administered face to face, and qualitative data collected from banks and development finance institutions through semi structured interviews conducted through Skype or face to face.

However, this study like all other studies was not perfect and some limitations were identified in the research process. Moreover, conducting the study in Mbabane presented the research with some limitations despite being the capital city of the country with the second largest number of MSMEs and also with all the head offices of the financial institutions located in the city. Consequently, the agricultural sector was not represented in the study because no farming or agricultural activities are conducted in the city hence their opinions were missed.

Significantly, conducting a research study in an ethically sound manner is imperative particularly on academic research at doctoral level. As a result, this study ensured that all ethical considerations were observed in all stages of the research process. Consequently, all participants were requested to voluntarily complete and sign the informed consent form, no identifying information was collected to ensure anonymity of participants and all collected data were kept in a safe locked steel filing cabinet as well as password protected computer accessible to only the researcher in order to ensure confidentiality of the information.

Therefore, this chapter presents the implications of the study findings for practice in relation to the relevant stakeholders (government, MSMEs and financial institutions) and in line with the research questions. Additionally, implications of the study findings on future research are also presented. Similarly, recommendations for application are also presented in this chapter in relation to the relevant stakeholders (government, MSMEs and financial institutions) and in line with the research questions. Moreover, recommendations for future research are also presented in the chapter. Significantly, the chapter presents the conclusions of the study findings in relation to the study variables (collateral, financial literacy, information asymmetry, firm and owner characteristics).

5.2 Implications

The implications section forms an important part of a thesis or dissertation and critical in discussing the significance of a research study. Consequently, the findings of this study are significant or important not only to our country but also to the body of knowledge on MSME access to finance. Moreover, finance is a critical resource in all businesses irrespective of the size and the lifeblood of MSMEs. Additionally, finance is required in all stages of a business life cycle and for different purposes: start-ups, acquisition of business assets and working capital requirements.

Consequently, finance remains critical to the performance, success and survival of MSMEs in the Kingdom of Eswatini. However, access to finance continues to be reported as a global challenge and cited as a major barrier to the success and survival of MSMEs. Moreover, our country is no exception hence improving access to finance for the sector became imperative in ensuring that the potential of MSMEs is realized.

As a result, our country has over the years directed more attention to the development of MSMEs through the establishment of MSME policy, business and finance development institutions, and credit guarantee schemes. Consequently, the Small Enterprise Development Company (SEDCO) was established in 1970 to provide business development services, training, coaching and mentoring to MSMEs. Additionally, the National Agricultural Marketing Board (NAMBOARD) was established in 1985 to provide technical support, transportation, storage facilities and marketing of agricultural produce to farmers.

However, realizing the importance of finance to the performance, growth and survival of MSMEs as well as acknowledging the significance of collateral in access to credit our government established the Industrial Development Company Eswatini (IDCE) in 1987 to promote industrial and economic growth. Additionally, the SSELGS was established in 1990 to minimize the risk of lending to the sector by commercial banks. Moreover, Eswatini Development Finance Corporation (FINCORP) was established in 1995 to improve access to finance for MSMEs.

Furthermore, realizing and acknowledging the importance of policy in guiding the activities related to MSMEs development our government through the Ministry of Commerce Industry and Trade – SME Unit developed the SME policy in 2004. Moreover, the policy was revised in 2009 and titled the SMME policy which was further revised in 2018 to incorporate the latest changes or developments in the sector.

However, despite all this initiatives aimed at developing the MSME sector the country did not have a comprehensive study or research on the sector in terms of the number of MSMEs in the country as well as the challenges they face during the performance of their work until the year 2017. Consequently, our government working with her partners conducted a research aimed at scoping and sizing the sector whereby the (FinScope, 2017) report was produced and currently considered as the main MSME report in the country. However, these report focused on the demand side of the credit system.

Furthermore, as a follow up study to the FinScope (2017) report the Centre for Financial Inclusion (2018) conducted a study titled “Making Access Possible SME” adopting a mixed methods research methodology drawing comments from both sides of the credit system. However, secondary data from the FinScope (2017) report was used for quantitative data and qualitative data collected from financial institutions through interviews. Moreover, the Centre for Financial Inclusion (2018) only focused on the SME sector excluding Micro Enterprises.

Similarly, UNECA and Eswatini Government (2021) conducted a study to develop a financing model for MSMEs adopting a mixed methods methodology which included using document analysis approach (secondary data) for the demand side and collecting primary data from financial institutions and other relevant stakeholders for the supply side through interviews and questionnaire. Consequently, the findings of this study which are based on primary data collected from both sides of the credit system are the first of its kind in the Kingdom of Eswatini and will contribute massively to the literature on access to finance for MSMEs.

Moreover, the results give a deeper understanding of the research problem as emphasized by (Abraham & Schmukler, 2017; Awunyo-Vitor, 2018) that access to finance could only be explained by both sides of the credit system. Additionally, the findings are in response to the recommendations of the (FinScope, 2017) report that a study of both sides of the credit system is required to get a full understanding of the issue of access to finance for MSME in the country.

Significantly, the study comes at a time when there is a big debate on whether or not access to finance is a challenge for MSMEs in the Kingdom of Eswatini with (UNECA & Eswatini Government, 2021, p. 7) asking this bold question "Is the MSME financing problem in Eswatini real or perceived?" Moreover, financial institutions argue that they are sitting with lots of cash or excess liquidity but MSMEs fail to submit viable business proposals, in contrast, MSMEs argue that financial institutions are very harsh in assessing their loan applications (UNECA & Eswatini Government, 2021).

Furthermore, the debate is exercibated by the FinScope (2017) report which on page 32 under the heading captioned "Sources of start-up capital" reported that 90% MSMEs used personal savings, funds from family & friends, informal credit and grants for start-up capital with only 10% managing to get credit from financial institutions. Consequently, based on the above results the study on page 62 concluded that access to finance was a major challenge for the sector "Lack of finance is the most binding constraint at start-up and during operation".

However, the report failed to appreciate the importance and implications of both the pecking order theory and rational choice theory when conducting a study on the issue of access to finance for MSMEs. Consequently, the pecking order theory states that borrowers prefer to utilize internal sources of finance and only after their internal sources have been depleted they then consider external sources of funding. Moreover, the rational choice theory considers the rationality of people in making decisions when faced with a number of options.

Therefore, the significance of the findings of this study cannot be overemphasized hence it is anticipated that they will contributed massively to the literature on access to finance for MSMEs in the Kingdom of Eswatini because apart from collecting data on the sources used by MSMEs for startup capital in Mbabane a follow-up question was asked to all participants on the reason for using a particular source. Moreover, a majority of participants (67%) reported that the use of personal savings, funds from family & friends, informal credit and grants was their preferred choice thus changing the complexion of the magnitude of access to finance for MSMEs in the country.

Additionally, the findings of this study will contribute to the body of knowledge on access to finance for MSMEs as revealed in the literature review that not many studies have adopted the mixed methods methodology. However, the subject of access to finance or credit involves a number of stakeholders: government, MSMEs and financial institutions. Consequently, the implications of these study findings are discussed in the next section in relation to all the stakeholders relevant to MSME access to finance in the country and in line with the research question. Furthermore, the findings of the study will be discussed in terms of implications for practice or practical implications and implications for future research (Nicolini, Powell & Korica, 2014).

5.2.1 Implications for Practice or Practical Implications

5.2.1.1 What is the Relationship between Collateral and Access to Finance for MSMEs?

5.2.1.1.1 Implications of the Study Findings to the Government

The government occupies an integral position in creating an enabling environment in all spheres of the economy and critical in the establishment of an appropriate MSME policy. As a result, our government through the Ministry of Commerce Industry and Trade – SMME Unit continues to review and revise the SMME policy. Consequently, a deeper understanding of the sector becomes imperative in reviewing and revising the policy document as stated by our Minister of Finance Neal Rijkenberg that "the first step in solving a problem was identifying and understanding it" (Magongo, 2022).

Moreover, the findings of this study revealed that collateral continues to be a critical determinant of MSME access to finance, however, despite its importance lack of access to collateral is a major challenge for MSMEs in the country. Additionally, the study also found that the SSELGS and credit scoring system were important in mitigating collateral requirements. However, the findings also revealed that the SSELGS was underutilized despite its importance due to the arduous or complex processes to claim through the scheme in case of default.

Therefore, the findings of this study which were based on comments from both sides of the credit system are important in giving a clear picture of where MSMEs and financial institutions agree or differ with regards to the significance of collateral in meeting loan application requirements in the country. Moreover, the results are also imperative in informing our government on why the SSELGS is underutilized resulting in its failure to achieve its intended objectives and the importance of the credit scoring system. Consequently, the findings of this study are significant in informing MSME policy interventions by our government.

5.2.1.1.2 Implications of the Study Findings to MSMEs

Micro, Small and Medium Enterprises (MSMEs) experience more challenges compared to large businesses when applying for credit from formal financial institutions due to lack of appropriate and sufficient collateral. Moreover, financial institutions require collateral in the form of immovable assets (Kolakovic et al., 2019; Shikumo et al., 2016). However, providing immovable assets (land and buildings) becomes a huge challenge for MSMEs (Central Bank of the U.A.E, 2019; Shikumo et al., 2016).

Furthermore, the World Bank Group (2017) contends that meeting high collateral requirements become a massive challenge for entrepreneurs particularly women who in most cases lack sufficient fixed assets. Moreover, according to the Central Bank of Kenya (2020) a majority of MSMEs lack acceptable assets to meet collateral requirements in Kenya. Similarly, Chilembo (2021) observed that collateral requirements presented a huge obstacle in access to finance in Zambia. Consequently, according to the Centre for Financial Inclusion (2018) SMEs in the country fail to meet collateral requirements due to lack of appropriate assets.

However, financial institutions do not agree or deny that collateral is a key determinant of access to credit and contend that it is considered as a secondary requirement instead business viability, loan size and repayment ability in terms of future cash-flows are imperative in informing their decision to lend to MSMEs (UNECA & Eswatini Government, 2021). In contrast, MSMEs argue that collateral continues to be a key requirement on access finance from formal financial institutions.

Therefore, the findings of this study are important in giving a clear picture of the significance of collateral in MSME loan assessment process. Moreover, the results revealed that despite the importance of collateral in reducing the risk of lending to the sector it is no longer a key determinant instead it is regarded as a secondary requirement by financial institutions. Additionally, the findings also revealed the availability and importance of the SSELGS and credit scoring mechanism to mitigate collateral requirements.

Consequently, the findings of this study are critical in showing MSMEs the expectations of financial institutions on loan applications from the sector. Moreover, revealing that collateral is no longer a key requirement is good news to MSMEs who have all along been citing lack of collateral as an obstacle to access to finance from financial institutions (FinScope, 2017; Zwane, 2019). Additionally, businesses with viable business proposal, reasonable loan size and positive repayment ability but lacking collateral will now be able to confidently apply for MSME finance hence improving the appetite for applying for loans from Banks, FINCORP and IDCE.

5.2.1.1.3 Implications of the Study Findings to Banks, FINCORP and IDCE

Formal financial institutions are fundamental in MSME lending as financial intermediaries and delegated monitors hence their involvement in all attempts to improve access to finance by the sector becomes critical. However, a number of research studies have found that MSMEs are more constrained than large businesses on access to credit from formal financial institutions who view them as risky clients or customers.

Moreover, a study by UNECA and Eswatini Government (2021) revealed that MSMEs in the country argue that financial institutions are harsh on assessing their loan applications and requiring collateral amongst a litany of other requirements. Consequently, getting a deeper understanding of how MSMEs in the country feel about their loan application requirements and assessment processes particularly the provision of collateral including its significance in influencing lending to the sector is important.

Furthermore, the findings of this study revealed that a majority (67%) of MSMEs still perceive collateral as a determining factor on access to finance from Banks, FINCORP and IDCE. Moreover, despite its importance a multitude of MSMEs are unable to provide appropriate and sufficient collateral. Additionally, the study also revealed that MSMEs lack awareness of the SSELGS.

Therefore, the results of this study are significant to financial institutions in addressing MSME perception about the loan application requirements particularly collateral. Additionally, the results are vital in creating awareness of the availability and importance of the SSELGS, and the credit scoring system on mitigating collateral requirements. Consequently, the findings of this study are important in informing the review and revision of MSME loan application requirements particularly those related to collateral.

5.2.1.2 What is the Relationship between Financial Literacy and Access to Finance for MSMEs?

5.2.1.2.1 Implications of the Study Findings to the Government

The importance of financial literacy on MSME lending cannot be overemphasized as stated by a number of researchers that it is crucial in improving access to credit (Changwesha, 2019; Owen, 2020; Ye & Kulathunga, 2019). Similarly, according to Magongo (2021) lack of financial literacy is a barrier or obstacle to access to startup capital for MSMEs in the country. However, in discussing issues of improving MSME owner or manager financial literacy the significance of the involvement of government cannot be ignored.

Moreover, the findings of this study revealed that a majority (71%) of participants reported that MSME owner or manager financial literacy remains crucial in access to finance for the sector. Additionally, the study also found that training provided by SEDCO was not effective in improving owner or manager financial literacy and lack of awareness of the training programs was also reported as a major challenge.

Therefore, the findings of this study which draw comments from both sides of the credit system are significant to our government as they give a comprehensive picture of the effect of owner or manager financial literacy on MSME lending as well as the awareness and effectiveness of SEDCO programs. Moreover, the results are important in informing government intervention to improve MSME owner or manager financial literacy including the review and repackaging of SEDCO financial literacy training modules as well as realigning them with the requirements of financial institutions.

5.2.1.2.2 Implications of the Study Findings to MSMEs

Micro, Small and Medium Enterprise owner or manager financial literacy is very important to the performance of MSMEs and critical in access to finance for the sector. Moreover, owner or manager financial literacy is vital in understanding and meeting loan application requirements from financial institutions. Additionally, it plays a crucial role in articulating and motivating a business proposal during loan assessment interviews with credit officers. However, knowing the level of financial literacy that is acceptable to financial institutions becomes difficult because lenders are reluctant to give reasons for rejecting loan applications.

Consequently, the findings of this study revealed that owner or manager financial literacy remains crucial in lending to the sector, however, a majority of MSME owners or managers lack adequate financial literacy. Additionally, the results revealed that financial literacy programs offered by different institutions in the country including SEDCO were not effective in improving the financial literacy level of MSME owner or manager.

Therefore, the findings of this study are significant in informing MSME owners or managers about how financial institutions feel about their level of financial literacy which eventually affect access to finance by their businesses. Moreover, the results are critical in informing MSME owners or managers that technical expertise is not enough in running a successful MSME hence taking financial literacy lessons becomes imperative. Additionally, the results revealed the inadequacy or ineffectiveness of the training programs currently offered by different institutions in the country particularly SEDCO in improving owner or manager financial literacy.

5.2.1.2.3 Implications of the Study Findings to Banks, FINCORP and IDCE

Financial institutions are very important in the credit system and fundamental in MSME lending. Consequently, any discussion pertaining issues of access to finance for MSMEs massively require the involvement of financial institutions. Additionally, Oke (2018) emphasizes the importance of financial literacy in discussing MSME access to finance and contends that it connects lenders and borrowers. However, despite its importance lack of financial literacy among MSME owners or managers continue to be a huge challenge for financial institutions.

Therefore, the findings of this study are important to the financial institutions as they revealed that the level of financial literacy is very low in MSME owners or managers a position that significantly affect the capacity of their businesses from understanding and meeting their loan application requirements. Moreover, the results are vital to financial institutions in informing their strategic approach to MSME lending that will ensure that whilst their financial needs are served the risk to the financial institutions is also minimized.

5.2.1.3 What is the Relationship between Information Asymmetry and Access to Finance for MSMEs?

5.2.1.3.1 Implications of the Study Findings to the Government

Information is fundamental in a credit system and critical in the assessment of loan applications. Moreover, information asymmetry is an obstacle in MSME lending as noted by (Agyei, 2018) that access to finance by small businesses is compromised by lack of information. Additionally, information asymmetry is cited as a major challenge in MSME access to finance and contribute significantly to the finance gap in the sector (International Finance Corporation, 2018). Consequently, improving information infrastructure in a country requires the involvement of the government.

Therefore, the findings of this study are significant to our government as they demonstrate the severity of information asymmetry between MSMEs and financial institutions in the country. Additionally, the results also revealed that the currently available credit bureau is not effective enough in improving access to finance by MSMEs. Consequently, the findings are important in informing policy interventions by our government like for instance the establishment public credit registry.

5.2.1.3.2 Implications of the Study Findings to MSMEs

The availability of appropriate and sufficient information relating to the performance of a business is crucial in assessing loan applications. Moreover, the provision of all required information such as financial statements, business plan and cash-flow projections are vital in improving the potential of MSME access to finance. However, Yoshino and Taghizadeh-Hesary (2017) assert that information asymmetry exist in a credit system.

Moreover, the findings of this study revealed that information asymmetry is prevalent between MSMEs and financial institutions in the country with financial institutions citing lack of transparence by MSMEs as the main cause of information asymmetry "*MSMEs do not share information which then compromises our loan assessment processes*".

Therefore, the results of this study are significant to MSMEs as they provide the sector with comprehensive feedback on how financial institutions feel about the quality and adequacy of the information they provide when applying for loans. Additionally, the findings show MSME owners or managers the importance of transparence when dealing with financial institutions. Moreover, the findings of this study will play a massive role in helping MSMEs improve their bookkeeping and accounting systems a practice that will not only help improve their chances of getting credit but also assist them in monitoring their business performance.

5.2.1.3.3 Implications of the Study Findings to Banks, FINCORP and IDCE

Financial institutions require enough information pertaining to the performance of a business entity in assessing the creditworthiness of loan applicants such as financial statements, business plan, cash-flow projections and credit history of business owner or manager. Moreover, such information becomes crucial in evaluating project proposal and making sound lending decisions. Consequently, the provision of appropriate information to financial institutions is important in MSME lending.

However, information asymmetry between lenders and borrowers have been cited by a number of researchers as one of the major challenges in the assessment of MSME loan applications by financial institutions and affecting their lending decision. Moreover, the findings of this study have also found that information asymmetry between MSMEs and financial institutions significantly affect lending to sector.

Therefore, the findings of this study are important to financial institutions as they clearly revealed the severity or magnitude of information asymmetry between MSMEs and financial institutions in the country. Moreover, the results also found that financial institutions perceive MSMEs as not being transparent. Consequently, the position revealed by this study is not good for financial institutions in the performance of their financial intermediation and delegated monitoring responsibilities. Moreover, the findings of this study will be vital in informing their lending strategies to the sector that will ensure that the needs of customers are served without compromising the risk mitigating measures.

As a result, the findings of this study will be critical in informing strategic decisions that will help address information asymmetry between lenders and MSMEs. Furthermore, the findings have also revealed the need for financial institutions to communicate with their clients or customers and discuss the importance of transparence in dealing with their bankers. Additionally, the results further revealed the significance of giving full details of the reason for rejecting loan applications in order to enable MSME owner or manager to find ways to improve in those areas that led to the rejection of their applications.

5.2.1.4 What is the Relationship between Firm and Owner or Manager Characteristics, and Access to Finance for MSMEs?

5.2.1.4.1 Implications of the Study Findings to MSMEs

5.2.1.4.1.1 Firm Characteristics (Legal Status, Business Age and Business Size)

Firm characteristics are cited in many research studies as one of the factors affecting access to finance by MSMEs (Herelimana, 2017; Oke et al., 2019). Moreover, Chowdhury and Alam (2017) found that firm characteristics affect lending to MSMEs in Bangladesh. Similarly, Quartey et al. (2017) found that firm characteristics had a massive effect on access to finance for MSMEs in the Economic Community of West African States (ECOWAS) region of the African continent.

However, the findings of this study found that firm characteristic (legal status) does not affect access to MSME finance. Moreover, the study also revealed that business age had minimal effect on access to finance by the sector particularly on whether the business was a startup or existing "*When we assess a financial request it depends on how it comes to us whether as a start-up business or an existing business*‖. Additionally, the study also revealed that business size only has an effect on the size of the loan.

Therefore, the findings of this study are important to MSMEs as they revealed the significance that financial institutions attach to firm characteristics when assessing loan applications from the sector. Moreover, knowing that firm characteristic (legal status) does not affect lending to the sector is good news to MSMEs a position that has the potential to increase the appetite for applying for credit in the country.

Additionally, the minimal effect attached to business age will be important in ensuring that MSMEs are bankable before they approach their bankers. Furthermore, the effect of business size on the loan amount will be crucial in ensuring that adequate loan amount commensurate with the size of the business is requested. Significantly, the findings of this study will play an important role in ensuring MSME readiness before applying for a loan from financial institutions with regards to firm characteristics.

5.2.1.4.1.2 Owner or Manager Characteristics (Age, Gender and Level of Education)

The importance of owner or manager characteristics on access to finance for MSMEs cannot be overlooked as reported by a number researchers that it has a significant effect on access to finance by the sector (Chowdhury & Alam, 2017; Makani et al, 2020). Moreover, Twumasi et al. (2021) in their study found that owner or manager characteristics were one of the factors that affect access to MSME finance in Ghana. Similarly, Njue and Mbogo (2017) also found that owner or manager age, gender and level of education significantly affect access to MSME finance.

However, the findings of this study revealed that gender and level of education of the owner or manager of MSMEs does not affect lending to the sector. Moreover, the results of the study also show that age of the owner or manager has a minimal effect on access to finance by the sector particularly where a customer has exceeded the insurable age limit. Additionally, the findings of the study revealed that relevant experience and character of the owner or manager of MSMEs were instead critical in lending to the sector by financial institutions.

Therefore, the findings of this study are significant to MSMEs because they demonstrate the effect that age, gender and level of education of the owner or manager of MSMEs have on the assessment of the creditworthiness of loan applicants by financial institutions. Moreover, awareness of the influence that owner or manager characteristics have on MSME lending is imperative in ensuring that borrowers are well prepared or ready when they approach their bankers.

Additionally, knowing that gender and level of education of the owner or manager of MSMEs do not affect lending to the sector will be critical in instilling confidence among business owners or managers that they can freely apply for credit from financial institutions irrespective of gender and education background. Consequently, such a position has a potential to increase the interest of applying for business loans from financial institutions. Furthermore, knowing the importance of relevant experience and character of the owner or manager is crucial in ensuring that borrowers are ready or meet loan application requirements.

5.2.1.4.2 Implications of the Study Findings to Banks, FINCORP and IDCE

5.2.1.4.2.1 Firm Characteristics (Legal Status, Business Age and Business Size)

The legal status, business age and business size are cited as some of the factors affecting lending to MSMEs by financial institutions (Herelimana, 2017; Oke et al., 2019). Moreover, financial institutions are crucial in MSME lending, however, their role as financial intermediaries and delegated monitors demands that they exercise due care in the execution of their work in order to ensure that risk to investor funds is reduced.

Consequently, the findings of this study found that firm characteristic (legal status) does not affect access to MSME finance. Moreover, the study also revealed that business age had minimal effect on access to finance by the sector particularly on whether the business was a startup or existing "*When we assess a financial request it depends on how it comes to us whether as a start-up business or an existing business*‖. Additionally, the study also revealed that business size only has an effect on the size of the loan.

Therefore, the findings of this study are significant to the financial institutions as they clearly show that both MSMEs and financial institutions agree that legal status does not affect lending to MSMEs. Moreover, the results revealed that MSMEs were not aware that business age does have a minimal effect on access to finance particularly on whether a business entity is a startup or existing as well as the effect of business size on the size of the loan. Consequently, the results of this study will be vital in creating awareness on the significance of business age (startup or existing) as well as the business size on the size of the loan.

5.2.1.4.2.2 Owner or Manager Characteristics (Legal Status, Business Age and Business Size)

Financial institutions are an important component of the credit system as lenders and critical in MSME access to finance. However, their position as financial intermediaries and delegated monitors of investors‟ funds makes their work highly delicate. As a result, ensuring that adequate assessment mechanisms are in place becomes important in minimizing risk to investors‟ funds. Moreover, considering all factors affecting MSME lending becomes critical.

Consequently, the findings of this study revealed that gender and level of education of the owner or manager of MSMEs does not affect lending to the sector with age having a minimal effect particularly when the owner or manager is above the insurable age. Moreover, the study also revealed that relevant experience and character of the owner or manager were also important in assessing the creditworthiness of a borrower.

Therefore, the findings of this study are significant or important to financial institutions because they give a comprehensive picture of the effect of owner or manager characteristics on lending to MSMEs. Moreover, the findings of the study also articulate the importance of relevant experience and character of the owner or manager in assessing the creditworthiness of an applicant or borrower. Consequently, the results of this study will be crucial in informing MSME lending strategy particularly on the importance of relevant experience and character of the owner or manager.

5.2.2 Implication for Future Research

Despite adopting the mixed methods research methodology, probability sampling design and stratified random sampling approach the findings of this study are unable to tell us more about the magnitude of access to finance for MSMEs in the whole country or the results cannot be generalized to the entire MSME population. Moreover, the findings tell us nothing about the opinions of the agricultural sector because agriculture is undertaken in other parts of the country not in Mbabane.

However, the findings of this study present a lot of opportunities for future research particularly because they are based on the mixed methods methodology which not many research studies have adopted in the past when studying access to finance for MSMEs. Moreover, these findings present a precedent or basis for future research to expand on the results of this study and further contribute to the body of knowledge on access to finance for MSMEs.

Additionally, the results of this study could be expanded to cover all the four regions in the country an approach that could be critical in getting opinions of MSMEs operating under the agricultural sector. Furthermore, the study findings could be expanded from a methodological perspective like for instance collecting data from the financial institutions through questionnaires and using semi structured interviews to collect data from MSMEs. Additionally, other statistical data analysis approaches could also be adopted to further contribute to the body of knowledge.

5.3 Recommendations for Application

The recommendations section constitutes an important part of a thesis or dissertation and critical in demonstrating to the reader an extensive understanding of the data. Additionally Abt Associates (2014) contends that recommendations play an important role in suggesting interventions or strategies to address issues identified in the research findings hence they should focus directly on the major findings. Moreover, the author asserts that high quality recommendations should be SMART (specific, measureable, attainable, realistic and timely) and also be operationally and politically feasible.

Furthermore, recommendations could be classified into recommendations for application and recommendations for future research. Moreover, recommendations for application refers to the actions that need to be undertaken in response to the constraints identified in the findings, whereas, recommendations for future research acknowledges that the research is not perfect and suggests further research that could be conducted in the field.

Additionally, the recommendation should specify the action to be undertaken in order to address an issue or constraint identified in the research findings as well as the relevant organization, institution or individual to be entrusted with the responsibility of implementing the recommendation. Moreover, MSME access to finance involves a number of stakeholders (MSMEs, Government and Financial Institutions). Consequently, in this study the recommendations for application will be presented in the next section in relation to the relevant stakeholders and in line with the research questions.

5.3.1 What is the Relationship between Collateral and Access to Finance for MSMEs?

The findings of this study revealed that collateral continues to be a critical determinant of MSME access to finance, however, despite its importance lack of access to collateral is a major challenge for MSMEs in the country. Moreover, the study found that the SSELGS and credit scoring system were important in mitigating collateral requirements. Additionally, the findings also revealed that the SSELGS was underutilized despite its importance due to the arduous or complex processes to claim through the scheme in case of default.

However, literature shows that financial institutions prefer immovable assets (land and buildings) to be pledged by MSMEs as collateral whereas a majority of businesses lack such form of collateral. Additionally, a study by Fintrac Inc. (2022) on businesses of all sizes in 73 countries revealed that the introduction of movable collateral registries increased access to finance by 8% with a significant impact on small firms. Similarly, a study by Pendame and Akotey (2023) found that the introduction of a collateral registry in Malawi increased access to finance for MSMEs from a range of 15% to 30% to a range of 0% to 50%.

Furthermore, the literature revealed that the Kingdom of Eswatini has the best credit guarantee scheme (SSELGS) guaranteeing 98% for startups and 95% for existing businesses for the youth (18–35 years) applying for funding under the Youth Enterprise Revolving Fund (Central Bank of Eswatini, 2021). Additionally, the scheme guarantees 95% for startups and 85% for existing businesses applying for funding through the banks and development finance institutions, with an annual guarantee fee of 1% levied on outstanding guarantees (Central Bank of Eswatini, 2021).

5.3.1.1 Recommendations of the Study Findings to the Government

The study recommends that our government should consider the establishment of an online movables collateral registry. Moreover, such a move would be critical in improving access to finance by the sector as reported in the study that MSMEs lack immovable assets to pledge as collateral, however, they do possess movable assets. Additionally, the study recommends that our government should consult with the government of Malawi on the nitty-gritties of establishing such registry as their movable collateral registry has reported a positive effect on access to finance for the sector (Pendame & Akotey, 2023).

Furthermore, the study recommends that our government through SEDCO conduct campaigns to increase the awareness of the SSELGS among MSMEs through platforms such as the daily newspapers, radio, tv and online. Moreover, it is anticipated that such campaigns could lead to a positive increase in the use of the scheme which has been underutilized for a very long time despite being overcapitalized with participants reporting lack of awareness as the major reason.

Additionally, the study recommends that our government working with the Central Bank of Eswatini who are the custodians of the SSELGS should review and revise particularly the process of claiming through the scheme in case of default by participants (Banks, FINCORP and IDCE). Moreover, it is anticipated that revising the claim process of the scheme could increase the appetite of using it by financial institutions who reported that they were reluctant to use the SSELGS because of the complex process of claiming through the scheme in case of default and The Principles for Public Guarantee Schemes for SMEs could be helpful in guiding the process (World Bank Group, 2015).

5.3.1.2 Recommendations of the Study Findings to MSMEs

The study recommends that MSMEs should not shy away from their bankers when they require funding and lacking immovable property, however, they should approach them with their viable business proposals to capitalize on the other available loan assessment mechanisms such as the credit scoring system. Additionally, the study recommends that MSMEs should engage their bankers on how best they could take advantage of the SSELGS.

5.3.1.3 Recommendations of the Study Findings to Banks, FINCORP and IDCE

The study recommends that financial institutions should maximize the utilization of other loan assessment mechanisms such as the credit scoring system and relationship banking in cases where MSMEs present viable business proposals but lack collateral. Additionally, it is recommended that financial institutions through the Bankers Association should engage government through the Central Bank of Eswatini who are the custodians of the SSELGS to voice their discomfort regarding the complexity of the process of claiming through the scheme in case of default.

Consequently, it is anticipated that such engagements could make meaningful contributions or suggestions to the revision of the claims process under the scheme in case of default and improve the participation of the financial institutions in scheme. Additionally, the study recommends that financial institutions should emphasize the importance of business viability, loan size and repayment ability in the assessment of the creditworthiness of MSMEs and also inform their customers that there are other factors affecting the loan assessment process other than collateral through their different platforms (loan application forms, pamphlets and online).

5.3.2 What is the Relationship between Financial Literacy and Access to Finance for MSMEs?

The findings of this study revealed that a majority (71%) of participants reported that MSME owner or manager financial literacy remains crucial in access to finance for the sector. Moreover, lack of financial literacy among MSME owners or managers is cited as a major challenge. Additionally, the study also found that training provided by SEDCO was not effective in improving owner or manager financial literacy and lack of awareness of their training programs was also reported as a major challenge.

Consequently, the study findings support the literature which revealed that financial literacy was critical in access to finance for MSMEs. Moreover, the literature shows that financial literacy is crucial in enabling MSME owners or managers to make sound financial decisions and articulating their funding proposals during interviews with credit officers. Additionally, the literature revealed that financially literate business owners or managers are able to furnish financial institutions with all required information and within the stipulated timelines.

However, according to a multitude of research studies there is no universal definition of financial literacy which leads to confusion as to the factors that ought to be included in the definition of financial literacy. Consequently, the importance of a consensus between all stakeholders in MSME access to finance on the definition becomes imperative in addressing issues of lack of financial literacy in the country as observed by the Minister of Finance Neal Rijkenberg that "the first step in solving a problem was identifying and understanding it" (Magongo, 2022).

5.3.2.1 *Recommendations of the Study Findings to the Government*

The study recommends that our government through SEDCO engages all financial institutions through the Bankers Association to discuss and determine an operational definition of financial literacy within the MSME credit system in order to ensure that all parties involved are on the same page when discussing issues of financial literacy. Additionally, it is recommended that SEDCO engages financial institutions through the Bankers Association to establish the effectiveness of their financial literacy training programs on lending to MSMEs.

Furthermore, it is recommended that based on the feedback from the financial institutions appropriate review and revision of all financial literacy training modules or programs offered by SEDCO should be undertaken and repackaged in order to incorporate all comments from the financial institutions. Moreover, the core competencies framework on financial literacy for MSMEs by the (OECD, 2018) should be considered. Significantly, the study recommends that open lines of communication between SEDCO and the Bankers Association should remain open in order to ensure that the existing financial literacy gap is reduced.

Additionally, it is recommended that SEDCO should conduct awareness campaigns for all their financial literacy training programs through multiple platforms including the daily newspapers, radio, tv and online. Consequently, it is anticipated that such awareness would be vital in increasing the participation of MSME owners or managers. Significantly, it is recommended that our government through the relevant Ministry should engage our mobile companies to negotiate better rates for data which is very important in access to information in the technological era.

5.3.2.2 Recommendations of the Study Findings to MSMEs

The study recommends that MSME owners or managers should prioritize the importance of financial literacy. As a result, continuous professional development in financial literacy should be encouraged among MSME owners or managers. Additionally, the study recommends that attending financial literacy training programs offered by SEDCO and other service providers should be encouraged among MSME owners or managers. Moreover, the study encourages MSME owners or managers to take advantage of other available platforms including the national library, newspapers, magazines and the internet to continuously enrich or improve their financial literacy knowledge.

5.3.2.3 Recommendations of the Study Findings to Banks, FINCORP and IDCE

The study recommends that financial institutions through the Bankers Association should engage SEDCO and discuss their expectations regarding the financial literacy level of MSME owners or managers when applying for funding. Moreover, it is anticipated that continuous engagement or maintaining an open door policy between the two parties would be significant in allowing SEDCO to improve their financial literacy training programs in order to meet the expectations of the financial institutions.

5.3.3 What is the Relationship between Information Asymmetry and Access to Finance for MSMEs?

The findings of this study revealed that information asymmetry continues to be a major obstacle in MSME access to finance in the country with lack of transparence from MSMEs cited as the main challenge. Additionally, the study found that due diligence was important in mitigating information asymmetry. Moreover, the study also revealed that technology, well designed forms and capacity of credit officers were critical in performing due diligence.

Consequently, the study findings support the literature on information asymmetry which shows that information asymmetry between MSMEs and financial institutions continues to be a major challenge in access to finance by the sector. Additionally, the literature revealed that credit reporting service providers (credit bureaus, credit registries and commercial credit reporting companies) are integral in addressing information asymmetry through collecting information pertaining to the credit history of borrowers from a variety of sources (World Bank Group, 2019).

Moreover, the authors contend that the introduction of a credit bureau in Jamaica had a massive impact in the reduction of non-performing loans from 6.5% in 2012 to 2.7% in 2016. Similarly, the Asian Development Bank (2022) reported that a study by the World Bank in 2003 found that the chances of small businesses obtaining credit was 40% in countries with a credit bureau and 28% in those without a credit bureau.

Moreover, according to the World Bank Group (2019) there are four largest credit bureaus in the world: Equifax, Experian, TranUnion and CallCredit. Consequently, the Kingdom of Eswatini has been having one of the largest credit bureaus (TransUnion) since 1996, however, the effectiveness of this credit bureau has been challenged and accused of covering only 54% of the country‟s adult population and reporting only negative data (UNECA & Eswatini Government, 2021).

Furthermore, the literature revealed that credit registries are crucial in addressing information asymmetry and serve as a single repository of loan related information for both individuals and businesses. Moreover, the registry provides a 360 degrees view of the credit profile of borrowers in one platform and beneficial to a number of stakeholders including Central Banks for prudential supervision of financial institutions, lenders in the assessment of the creditworthiness of borrowers and MSMEs in improving access to credit.

Additionally, the World Bank Group (2019) reported that a number of African countries including Nigeria, Chad, Ethiopia, Angola and our neighboring SADC countries Mozambique, Malawi and Madagascar have established and running credit registries. Moreover, the authors revealed that the World Bank played a big role in assisting the government of Algeria and Ethiopia in improving their credit registries.

5.3.3.1 Recommendations of the Study Findings to the Government

This study recommends that our government through the Central Bank of Eswatini should establish an online public credit registry that will act as a single repository of all loan related information for both individuals and businesses. Moreover, relevant information should be collected from the banks, development finance institutions, micro finance institutions, insurance companies, cooperative societies, businesses offering hire purchase services and Eswatini Revenue Services.

Additionally, the study recommends that assistance on the nitty-gritties of establishing a vibrant credit registry should be sought from the World Bank, and our neighboring Malawi or Mozambique.

Consequently, it is anticipated that the establishment of an online public credit registry could be vital in changing the dynamics of access to finance for MSMEs in the country and massively improve the efficiency of the country‟s credit system. Moreover, an online public credit registry would be crucial in addressing the deficiencies of our credit bureau because the registry will collect data from both individuals and businesses, and will be managed by the state through the Central Bank of Eswatini. However, it is acknowledged that this recommendation is long term.

As a result, in the short term the study recommends that our government through SEDCO should engage the financial institutions through the Bankers Associations to deliberate on the information provided by the credit bureau in order to identify the magnitude of the existing gap between required information and the information provided. Moreover, based on the outcome of those deliberations SEDCO should further engage the credit bureau to discuss available options to reduce whatever gap that exists.

5.3.3.2 Recommendations of the Study Findings to MSMEs

The study recommends that MSMEs should prioritize the significance of furnishing their bankers with adequate and timely information when applying for funding. Consequently, it is recommended that MSMEs should be transparent in all dealings with their bankers in order to improve the chances of getting credit.

5.3.3.3 Recommendations of the Study Findings to the Banks, FINCORP and IDCE

The study recommends that financial institutions should furnish their customers with full details pertaining to the reasons for rejecting their loan applications. Moreover, it is anticipated that such a practice could be important in informing MSMEs of the critical aspects of their business information where improvements are required in order to meet loan application requirements.

Additionally, the study recommends that financial institutions through the Bankers Association should engage extensively with MSMEs through their various umbrella bodies (SEDCO, Business Eswatini and FESBC) to create awareness of the importance of adequate information in the assessment of the borrower creditworthiness. Moreover, it is anticipated that such engagements would be critical in creating awareness to the sector on the delicate role that financial institutions play in a credit system as financial intermediaries and delegated monitors, as well as getting a deeper understand of the business model used by financial institutions.

5.3.4 What is the Relationship between Firm and Owner or Manager Characteristics and Access to Finance for MSMEs?

5.3.4.1 Firm Characteristics

The findings of this study found that firm characteristic (legal status) does not affect access to MSME finance. Moreover, the study also revealed that business age had minimal effect on access to finance by the sector particularly on whether the business was a startup or existing "*When we assess a financial request it depends on how it comes to us whether as a start-up business or an existing business*‖. Additionally, the study also revealed that business size only has an effect on the size of the loan.

5.3.4.1.1 Recommendations of the Study Findings to MSMEs

The study recommends that MSMEs should confidently approach their bankers when they require funding with their viable funding proposals irrespective of their legal status (company, partnership and sole trader). Moreover, the study encourages MSMEs to open and transact through their business accounts for at a least a period of six months before approaching their bankers with their funding proposals. Additionally, the study recommends that MSMEs should maximize the use of their business bank accounts and minimize cash transactions.

Furthermore, the study recommends that MSMEs should always ensure that the loan size is commensurate with the business cash-flow projections when applying for funding from financial institutions. Consequently, it is anticipated that these recommendations would play an important role in improving the chances of improving access to credit by the sector.

5.3.4.1.2 Recommendations of the Study Findings to Banks, FINCORP and IDCE

The study recommends that financial institutions should consistently clarify their position or the importance they attach to firm characteristics in MSME lending through their different platforms (loan application forms, pamphlets and online). Moreover, it is anticipated that such a practice would be vital in encouraging all MSMEs irrespective their firm characteristics to confidently approach their bankers when they need funding hence improve the use of their different products.

5.3.4.2 Owner or Manager Characteristics

The findings of this study revealed that gender and level of education of the owner or manager of MSMEs do not affect lending to the sector. Moreover, the results of the study show that age of the owner or manager has a minimal effect on access to finance by the sector particularly where a customer has exceeded the insurable age limit. Additionally, the findings of the study revealed that relevant experience and character of the owner or manager of MSMEs were instead critical in lending to the sector by financial institutions.

5.3.4.2.1 Recommendations of the Study Findings to MSMEs

The study recommends that MSMEs with viable business proposals should confidently approach their bankers when they require funding irrespective of their gender and level of education. Additionally, the study recommends that MSMEs should put in place appropriate succession plans to ensure that continuity of the business is guaranteed even after the owner passes on and should also consider the age of the owner when applying for credit from financial institutions.

Furthermore, the study recommends that relevant experience in the business should be ensured and personnel with the relevant expertise engaged where necessary. Moreover, MSME owners or managers are encouraged to build good character in all their dealings with their creditors. Consequently, it is anticipated that this recommendation would play an important role in improving the participation of MSMEs in applying for credit from financial institutions and also access to finance for the sector.

5.3.4.2.2 Recommendations of the Study Findings to Banks, FINCORP and IDCE

The study recommends that financial institutions should communicate with their customers on the importance of gender, level of education, relevant experience and the character of the owner in MSME lending through their different platforms (loan application forms, pamphlets and online). Moreover, it is anticipated that this recommendation will be critical in informing MSMEs of the importance that financial institutions place on this factors and ultimately improve their appetite to apply for credit from financial institutions.

5.4 Recommendations for Future Research

Recommendations for future research are important in a thesis or dissertation and imperative in acknowledging that the study is not perfect. Moreover, they identify areas or gaps in the research field that could be undertaken in future studies. Consequently, following the findings and implications of this study a number of areas that require further research were identified and discussed in the section below:

5.4.1 Expansion of the Scope of the Study

The target population of this study was Micro, Small and Medium Enterprises in Mbabane for the quantitative part of the mixed methods methodology. Moreover, this population was deemed appropriate for the study because Mbabane is the capital city of the Kingdom of Eswatini and has the second largest number of MSMEs after Manzini. However, despite having the best representation of the MSME sector in the country the agricultural sector was completely excluded from the different stratus because no agricultural services are conducted in the city.

Additionally, the opinions of MSMEs in the rural areas were also missed which could have made a significant contribution to the study findings as observed by (Wardhono et al., 2019) that in Indonesia MSMEs in the rural areas are more constrained than those in the urban areas. Moreover, according to UNECA and Eswatini Government (2021) the agriculture and farming sector contribute 60% of the MSME output in the country.

Therefore, this study recommends that the scope of future research should be broadened in order to accommodate MSMEs in all the four regions of the country (Hhohho, Manzini, Lubombo and Shiselweni) as well as those businesses in the rural areas. Moreover, it is anticipated that such expansion of the scope could add some insights to the research problem and improve the generalizability of the study findings to the entire MSME population in the country.

5.4.2 Using Explanatory or Exploratory Sequential Designs

This study adopted the mixed methods methodology and convergent design which allowed the concurrent collection of data, analyzing it separately and triangulating the results during interpretation stage. Moreover, this methodology was deemed appropriate for the study as it ensured a deeper understanding of the research problem. However, it would be interesting to see how the results of the sequential explanatory and sequential exploratory designs would contribute to the understanding of the research problem.

Therefore, this study recommends that future research should adopt a sequential explanatory or sequential exploratory design. Moreover, it is anticipated that adopting different types of mixed methods methodology would give different perspectives to the research problem and contribute massively to the deeper understanding of the dynamics of the issue of access to finance for MSMEs in the country.

5.4.3 Use of Different Data Collection Instruments

Structured questionnaires with closed ended questions were used to collect quantitative data from MSMEs and semi structured interviews used to collect qualitative data from the banks and development finance institutions. Moreover, the nature of the data derived from this data collection tools differ with questionnaires producing quantitative or numerical data whereas interviews produce qualitative or non-numerical data.

Therefore, this study recommends that future research should adopt different data collection instruments like for instance use semi structured interviews to collect data from MSMEs and structured questionnaires to collect data from financial institutions. Moreover, it is anticipated that such an approach could enable the researcher to get in-depth responses from MSMEs and ultimately add some insights to the subject of access to finance for MSME in the country.

5.4.4 Other Factors Affecting or Influencing Access to Finance for MSMEs

Collateral, financial literacy, information asymmetry, firm and owner or manager characteristics have all along been cited as the main factors affecting or influencing access to finance for MSMEs. However, this study revealed that business viability, commitment, loan size, repayment ability, relevant experience and the character of the owner or manager were also critical in MSME lending. Moreover, the importance of these findings cannot be overemphasized as they demonstrate a paradigm shift on the determinants of access to finance for MSMEs, ultimately demonstrating that more work is required if lack of access to finance is to be eradicated or reduced.

"*Primarily what we require is a business plan or a business concept that is viable*" "*We assess the repayment ability*" "*Of course it is important to ask that the owner of a business that he/she must have invested in the business so that we are not owners of the business but he/she is the owner or initial investor of the business*" "*Our decision making would be influenced by a number of factors and as a basis is how much a borrower is looking for, what is your loan size*‖.

"*The character of the people behind business are key because the willingness to repay the loan that is how we deduce it, can the person be trusted does he/she have a track record*". "*We normally use the 5 Cs to assess the character of the owner*". "*Even the level of education is not an issue what we want to know is that the person is qualified and experienced to run the business and that is where we derive our comfort*".

Consequently, it would be fascinating to get a deeper understanding of the effect or influence of these factors on access to finance by the sector and more importantly their statistical significance. Moreover, having clear operational definitions of the factors would also be crucial in enhancing the understanding of the factors.

Therefore, this study recommends that future research should extensively look at the effect of these factors on access to finance for MSMEs. Moreover, establishing their relationship with access to finance through statistical models would be imperative in determining the direction (positive or negative) and the significance of the relationship. Additionally, it would also be important to determine the weighting that financial institutions give to these factors in MSME lending.

5.4.5 Using Content Analysis to Analyze Qualitative Data

The study used thematic analysis to analyze qualitative data following Braun and Clarke (2006) six stages of thematic analysis, deductive approach and themes reported at semantic level focusing specifically on what participants have said. Moreover, this analysis approach was very important in meeting the requirements of the study. However, it would be fascinating to see the effect that the results of content analysis would bring to the table in view of its ability to quantify qualitative data.

Therefore, this study recommends that future research should explore the use of content analysis in analyzing qualitative data on access to finance for MSMEs. Moreover, it is anticipated that such an approach would be able to report the frequency at which an opinion has been raised, like for instance the number of participants who opined that gender does not affect lending to MSME in their institution "*Gender do not affect our lending decision to MSMEs*". Consequently, such frequency would be critical in demonstrating the significance of the opinion, like for instance if three of the four participants opined that gender does not affect lending to the sector a 75% frequency would be massive.

5.4.6 Usage of Yamane Formula to Determine Sample Size

The study used the University requirement of 1/3 of the target population to determine the optimal sample size for MSMEs. Moreover, this approach was integral in determining the sample size for this study which was appropriate and sufficient in meeting the requirements of the study. However, it would be amazing to see the effect of using Yamane formula in determining an optimal sample size.

Therefore, this study recommends that future research should consider the use of Yamane formula in determining the sample size in MSME survey. Moreover, it is anticipated that the change in the sample size would give a different perspective on the study of access to finance for MSME thus contributing to research in this field.

5.4.7 COVID – 19 Pandemic

This study was conducted in 2022 when the CODIV-19 pandemic was still posing some threat in the country. Moreover, some participants were still reluctant to allow the researcher into their premises even though a majority (84%) participated in the study. However, it would be interesting to see how a similar study would perform when conducted in the future when COVID-19 is no longer a threat.

Therefore, the study recommends that future research should be conducted and adopting a similar research design when the COVID-19 is completely eradicated or no longer a threat. Moreover, it is anticipated that a different position would be shown and make some contribution to the issue of access to finance in the country.

5.4.8 Use of Intangible Assets as Collateral

The results of this study revealed that 56% businesses operated in the services sector which involves professional practitioners (auditors, accountants, lawyers, architects, doctors etc). Consenquently, these businesses are less capital intensive as they rely more on the practitioner‟s expertise. Therefore, the study recommends that future research should be conducted to ascertain the feasibility of using intangible assets as collateral in this knowledge economy.

5.5 Conclusions

Access to finance continues to be reported as a major challenge by MSMEs with collateral, financial literacy, information asymmetry, firm and owner or manager characteristics cited as the main barriers or obstacles. Consequently, this study sought to examine the barriers impeding access to finance for MSMEs in Mbabane Eswatini, basically it tried to determine the effect of collateral, financial literacy, information asymmetry, firm and owner or manager characteristics on access to finance for MSME in the country.

Moreover, in attempting to get a deeper understanding of the research problem a variety of research approaches were adopted including establishing the relationship between the variables stated above and access to finance, testing hypothesis and triangulating the results. As a result, the conclusions drawn from the findings of the study will be reported or stated in relation to the variables stated above (collateral, financial literacy, information asymmetry, firm and owner or manager characteristics).

5.5.1 The Effect of Collateral on Access to Finance for MSMEs

This study sought to examine the effect of collateral on access to finance for MSMEs. Moreover, the results indicate that collateral remains a key determinant of access to finance by the sector. Additionally, the study show that despite its importance lack of collateral is the main challenge cited by the financial institutions. Consequently, the findings of the study agree with literature which revealed that a multitude of studies found that collateral is one of the key requirements in access to finance for MSMEs.

Furthermore, the findings of the study show that acquisition of immovable assets is not easy in the country hence despite 69% of MSMEs being in operation for more than 5 years and 61% of MSME owners or managers aged 35 years or older and capable of providing surety financial institutions still report lack of collateral as a major challenge in MSME lending "*In most cases MSMEs do not have collateral*‖. Additionally, the findings revealed that the income generating capacity of MSME sector in the country which comprises 84% micro enterprises is minimal with an annual turnover of about two hundred and forty thousand emalangeni.

Moreover, the results revealed a very complex scenario with regards to the use of immovable assets as collateral in MSME lending. Consequently, in order for MSME businesses to acquire immovable assets they will need funding from financial institutions in the form of mortgage bonds which will require sufficient cash-flows to meet the mortgage payments and only after such mortgage has been fully settled could the asset be used as collateral for further credit. As a result, under the current circumstances where a majority of MSMEs (84%) are micro enterprises with an estimated annual turnover of E240,000.00, lack of collateral will remain a challenge.

Consequently, meeting collateral requirements by MSMEs would require that businesses under the sector graduate from micro enterprises to small enterprises at a faster pace in order to improve their income generating capacity. However, such growth would require finance as reported by literature that finance is the lifeblood of MSMEs and required at all stages of a business life cycle. Therefore, the use of other alternative loan assessment mechanisms other than collateral becomes imperative if access to finance for the sector is to be improved.

Moreover, this assertions are supported by some financial institutions who have since adopted their own credit scoring system and the SSELGS reporting that collateral was no longer a factor in MSME lending in their respective institutions ―*As an organization we do have some mitigating factors including a system that enables us to score MSMEs up to E250,000, meaning we can give such business unsecured loans up to E250,000*‖ ―*With government having come up with some initiatives such as the small scale enterprise loan guarantee scheme (SSELGS) managed by the Central Bank of Eswatini I think that challenge is somehow addressed*‖.

Similarly, Mund (2020) contends that credit guarantee schemes have been accepted for many years as important tools or instruments for increasing access to MSME finance. Moreover, a study by Zwane (2019) revealed that the SSELGS had an impact in both financial and economic additionality in the country. Additionally, literature revealed that the country has the best loan guarantee scheme covering up to 98% and charging a guarantee fee of 1%. However, a number of studies have reported an underutilization of the SSELGS by financial institutions due to the complex claiming process.

Similarly, the findings are supported by literature which found that credit guarantee schemes have both administrative and financial challenges, and failed to improve access to finance in Bangladesh (OECD, 2021; Shoma, 2019). Moreover, the findings of this study also found that a majority (53%) of MSMEs were not aware of the SSELGS. Consequently, increased participation in the scheme by financial institutions and awareness by MSMEs are important if the scheme is to achieve its core objective of increasing MSME lending in the country.

Significantly, the study findings are important in answering the research problem as they revealed that collateral continues to be one of the barriers impending access to finance in the country. Moreover, the study shows that the SSELGS has not been effective in mitigating collateral challenges due to the underutilization of the scheme by financial institutions due to the arduous claiming process. Additionally, the study revealed that the underutilization of the SSELGS is exercibated by the lack of awareness of the scheme by MSMEs.

Furthermore, the findings of the study contribute to the body of knowledge as it has revealed that mere establishment of a credit guarantee scheme does not automatically mitigate collateral requirements and improve access to credit by MSMEs. However, simplifying the process of claiming from the scheme by financial institutions in case of default and increasing the awareness of the scheme by MSMEs are critical if a credit guarantee scheme is to achieve its objective of increasing access to credit.

5.5.2 The Effect of Financial Literacy on Access to Finance for MSMEs

This study sought to examine the effect of owner or manager financial literacy on access to finance by MSMEs. Moreover, the results indicate that owner or manager financial literacy continues to be one of the key requirements in MSME lending with a majority (71%) of MSMEs reporting that it improves access to finance for the sector from formal financial institutions. Consequently, the findings of this study agree with literature which revealed that owner or manager financial literacy improves access to finance for the sector and critical in MSME lending (Changwesha, 2019; Nguyen & Nguyen, 2020; Owen, 2020; Ye & Kulathunga, 2019).

However, the findings of this study revealed that despite its importance lack of owner or manager financial literacy continues to be cited as the main challenge by financial institutions despite 92% participants holding tertiary qualifications ―*Predominantly financial literacy is lacking in MSMEs*‖. Moreover, the results show that there is a need for MSME owners or managers to be educated on the importance of taking financial literacy lessons over and above their respective professional qualifications.

Consequently, lessons or inspiration could be drawn from the case study of Satchin, Agnes and Sacha PhD graduates in chemistry and engineering who amassed relevant experience in their field through working as consultants in bio-tech companies in France. However, when they identified a massive opportunity in the development of waterproof paper they realized that their experience and qualifications were not enough, and saw the need to look for opportunities to get training in financial management (OECD, 2018).

Moreover, the results of this study indicate that there are currently available organizations providing financial literacy training in the country including SEDCO. However, the effectiveness of the financial literacy training provided by SEDCO is questioned by financial institutions ―*Also institutions like SEDCO they do provide some training but in most cases businesses that come to our organization they lack financial acumen*". As a result, the findings of this study have revealed the need for the training programs provided by SEDCO to be aligned with the financial literacy requirements of the financial institutions if the issue of lack of financial literacy is to be addressed.

Furthermore, the findings of this study revealed the need for MSME owners or managers to consider other available platforms that could be helpful in continuing to enrich their financial literacy levels including the national library and online. Significantly, the findings are important in answering the research problem as they indicate that financial literacy of the owner or manager continues to be one of the barriers impending access to finance in the country. Moreover, the study shows that the training programs provided by SEDCO have not been effective in addressing the lack of financial literacy in the country.

5.5.3 The Effect of Information Asymmetry on Access to Finance for MSMEs

This study sought to examine the effect of information asymmetry on access to finance for MSMEs. Moreover, the findings of the study revealed that information asymmetry continues to have a massive influence or effect on access to finance by the sector with a majority (64%) MSMEs reporting that it does affect access to finance by the sector and the results corroborated by financial institutions ―*I would say yes information asymmetry does affect lending to MSMEs*‖.

Consequently, the findings of this study agree with literature which shows that information asymmetry has a massive effect on lending to MSMEs (Agyei, 2018; International Finance Corporation, 2018). Additionally, the results of this study support literature that information asymmetry exists in the country and significantly influence lending to MSMEs (Alliance for Financial Inclusion, 2020; Dlamini & Mohammed, 2018). Moreover, the findings show that information asymmetry in the country is exercibated by lack of transparence from MSMEs.

Additionally, the results of this study show the ineffectiveness of the country‟s currently available information infrastructure particularly our credit bureau which was established in 1996. Moreover, literature revealed that the country has one of the largest credit bureau in the world TransUnion. However, despite having the largest credit bureau information asymmetry continues to be a major challenge in lending to the sector. Moreover, the results do not agree with the World Bank Group (2019) which found that a credit bureau had a positive effect in Jamaica.

Significantly, the findings of the study revealed that having the largest credit bureau in the country is not enough, however, continuous engagement between relevant stakeholders in MSMEs lending is crucial in ensuring that appropriate information that meet the requirements of financial institutions is collected. Additionally, the study findings revealed the need to consider other information infrastructure such as the credit registries in order to significantly minimize information asymmetry between lenders and borrowers in the country.

Furthermore, the study findings revealed that financial institutions have resorted to investing more in due diligence in order to dig all information required in the assessment of the creditworthiness of borrowers. Moreover, this approach involves the acquisition of appropriate technology, redesigning their loan application forms and capacitating their employees on performing due diligence in MSME lending. Consequently, this approach is appropriate in ensuring that their delegated monitoring function is well executed, however, an increase in transaction costs cannot be ignored.

Significantly, the study findings are important in answering the research problem as they revealed that information asymmetry continues to be one of the barriers impending access to finance in the country. Moreover, the study shows that the currently available credit bureau is not providing appropriate information in line with the requirements of financial institutions. Additionally, the findings of the study indicate that despite huge investments directed to due diligence by financial institutions and ensuring that appropriate technology, well designed forms and capable employees are available information asymmetry remains an obstacle in the country.

Furthermore, the findings of the study contribute to the body of knowledge as it has revealed that continuous engagement between all relevant stakeholders in MSME lending is imperative in addressing information asymmetry between lenders and borrowers, particularly between financial institutions and the credit bureau in order to ensure that appropriate information that meet the requirements of their MSME lending is collected. Moreover, the findings of the study also show that having one of the largest credit bureau in a country is not enough in addressing information asymmetry without engaging the users of the information (financial institutions).

5.5.4 The Effect of Firm and Owner or Manager Characteristics on Access to Finance for MSMEs

This study sought to examine the effect of firm and owner or manager characteristics on access to finance for MSMEs. Moreover, the findings of the study revealed that legal status of MSMEs does not affect lending to the sector ―*Legal status, is not an issue because we do fund micro businesses, sole traders and proprietary companies*".

Additionally, the findings of the study revealed that the effect of business age is mixed with MSMEs reporting that it does not affect lending to the sector with some financial institutions reporting that it has minimal effect particularly on whether it is a startup or existing business. Similarly, MSMEs reported that business size did not have any effect on lending to the sector with some financial institutions indicating that it does have minimal effect particularly on the size of the loan.

Consequently, the findings of the study differ from literature which revealed that firm characteristics have a massive effect on MSME lending (Buyinza et al, 2018; Menberu, 2018; Oke et al., 2019). Additionally, literature shows that having a registered company is one of the requirements of the SSELGS. Moreover, the findings of the study indicate the importance of aligning the requirements of the financial institutions and the SSELGS if utilization of the scheme is to be improved.

Furthermore, the findings of this study revealed that gender and the level of education of the owner or manager do not affect lending to MSMEs in the country. However, the study revealed that the findings on the effect of age of the owner or manager were mixed with MSMEs reporting that age does not affect lending to the sector with a few financial institutions reporting that it does have a minimal effect particularly when the customer is above the insurable age. Consequently, the findings revealed the need for MSME businesses to have a clear succession plan in order to ensure that a business continues to operate after the owner passes on.

Moreover, the findings of this study agree with the (Thuku, 2017) who found that education or training did not have any effect on MSME lending. However, the findings differ from other literature which found that gender and level of education of the owner had an influence on lending to MSMEs in Botswana and Uganda (Buyinza et al., 2018; Khanie, 2018). Additionally, the findings differ from literature which found that the age of the owner or manager does affect lending to MSMEs (Balogum et al., 2018; Zabri et al., 2021).

Significantly, the findings of this study are important in answering the research problem as they revealed that firm and owner or manager characteristics are no longer barriers impending access to finance in the country. Moreover, the findings show the need to encourage MSMEs to confidently approach their bankers with their viable loan proposals irrespective of their characteristics. Additionally, the findings of this study contribute to the body of knowledge as it demonstrate a paradigm shift in the major factors affecting MSME lending and show that firm and owner or manager characteristics no longer have any influence or effect.

5.5.5 Other Factors Affecting Access to Finance for MSMEs

This study sought to examine the barriers impeding access to finance for MSMEs, basically investigating the effect of collateral, financial literacy, information asymmetry, firm and owner or manager characteristics on lending to the sector by financial institutions. However, the findings of the study revealed other factors that financial institutions consider imperative in assessing the creditworthiness of MSMEs: business viability, commitment or financial contribution by borrower, loan size, repayment ability, experience and character of the owner or manager.

Moreover, the findings of the study agree with literature which found that work experience was important in MSME lending in Botswana, Nigeria and Senegal (Bello & Mustapha, 2021; Khanie, 2018; Seck, 2021). Additionally, the International Finance Corporation (2018) notes that character of the owner or manager and business viability are important in assessing MSME loan applications in India. Similarly, UNECA and Eswatini Government (2021) contends that the underutilization of the SSELGS in the country is an indication that financial institutions are more concerned about the viability and repayment ability of MSMEs as opposed to collateral.

Significantly, the findings of this study are important in answering the research problem as they revealed that there are other factors affecting or influencing access to finance for MSMEs other than collateral, financial literacy, information asymmetry, firm and owner or manager characteristics. Moreover, the findings show the need for these factors to be extensively explored in order to ensure that all stakeholders involved in MSME lending fully understand this concepts because there are not many studies on them.

Additionally, the findings of this study contribute to the body of knowledge as it demonstrate a paradigm shift in the major factors affecting MSME lending (collateral, financial literacy, information asymmetry, firm and owner or manager characteristics) and revealed that there are other factors that ought to be considered when discussing the barriers impeding access to finance by MSMEs.

Therefore, in line with the research problem, purpose of the study and research objectives it could be concluded that the research objectives of the study have been fully met. Moreover, the findings indicate that the study has made a significant contribution to the body of knowledge through the identification of other important factors affecting or influencing access to finance for

MSMEs which for the longest time have evaded the attention researchers. Additionally, this study has made important strides in attempting to address the existing research gap on access to finance by MSMEs through the adoption of the mixed methods methodology.

Furthermore, considering the findings of this study it is concluded that the barriers impeding access to finance for MSMEs in Mbabane includes: collateral, financial literacy, information asymmetry, business viability, commitment or financial contribution by borrower, loan size, repayment ability, experience and character of MSME owner or manager.

Consequently, in answering the research problem it could be concluded that the above stated barriers impeding access to finance constitute the reason why MSMEs in the country continue to report access to finance as a challenge despite all the initiatives by government to improve access to finance for the sector as well as the interest shown by the banks.

Summary

This chapter presented the implications of the study findings for practice in relation to the relevant stakeholders in MSME lending (government, MSMEs and financial institutions) and in line with the research questions together with implications for future research. Similarly, recommendations for application were also presented in relation to the relevant stakeholders (government, MSMEs and financial institutions) and in line with the research questions together with recommendations for future research. Furthermore, conclusions based on the findings of the study were also presented in line with the study variables (collateral, financial literacy, information asymmetry, firm and owner characteristics).

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APPENDICES

Appendix A: Permission from the Municipal Council of Mbabane

MUNICIPAL COUNCIL OF MBABANE

"Responsible Quality Service on Time"

Tel: (+268) 2409 7000
Telefax: (+268) 2404 2611
E-mail: citycouncil@mbacity.org.sz
Website: www.mbabane.org.sz

Civic Office, Mahlokohla Street
P.O. Box 1, Mbabane, H100
Eswatini

Our Ref.: CEO/6/8
Your Ref.:

23rd May 2022

Mr. Lucky Sibusiso Dlamini
P. O. Box 172
MAHLANYA

Dear Mr. Dlamini

RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH AND LIST OF MSMEs IN MBABANE

We acknowledge receipt of your letter requesting permission to conduct a doctoral degree research on the "Barriers Impeding Access to Finance for Micro Small Medium Enterprises in Mbabane" and a detailed list of all MSMEs in the city.

We advise that permission is granted and the list of all MSMEs in Mbabane will be sent to your email address: dlaminimkhatshwa@yahoo.com. Do also note that this is in condition you will share with Council your thesis.

We wish you the best in your research.

Yours faithfully

G. MHLONGO
CHIEF EXECUTIVE OFFICER

1

Written Correspondence to be directed to the C.E.O.
Our Vision: The City of Mbabane will be an attractive smart city, offering quality life & opportunities for all.

Appendix B: Provisional Ethics Approval from UREC

UNICAF UNIVERSITY

UREC Decision, Version 2.0

Unicaf University Research Ethics Committee Decision

Student's Name: Lucky Sibusiso Dlamini

Student's ID #: R1910D9442897

Supervisor's Name: Dr Benson Benedict Okech

Program of Study: UU-DBA-900-1-ZM

Offer ID /Group ID: O28100G29135

Dissertation Stage: DS 1

Research Project Title: The Barriers Impeding Access to Finance for Micro, Small and Medium Enterprises in Mbabane, Eswatini

Comments: No comments

Decision*: A. Provisionally approved without revision or comments

Date: 02-Sep-2021

*Provisional approval provided at the Dissertation Stage 1, whereas the final approval is provided at the Dissertation stage 3. The student is allowed to proceed to data collection following the final approval.

Appendix C: Final Ethics Approval from UREC

UNICAF UNIVERSITY

UREC Decision, Version 2.0

Unicaf University Research Ethics Committee Decision

Student's Name: Lucky Sibusiso Dlamini

Student's ID #: R1910D9442897

Supervisor's Name: Dr. Benson Bennedict Okech

Program of Study: UU-DBA-900-3-ZM

Offer ID /Group ID: O36605G38252

Dissertation Stage: DS3

Research Project Title: The Barriers Impeding Access to Finance for Micro, Small and Medium Enterprises in Mbabane, Eswatini

Comments: No comments

Decision*: A. Approved without revision or comments

Date: 07-Jun-2022

*Provisional approval provided at the Dissertation Stage 1, whereas the final approval is provided at the Dissertation stage 3. The student is allowed to proceed to data collection following the final approval.

Appendix D: Informed Consent Form

UU_IC - Version 2.1

Informed Consent Form

Part 1: Debriefing of Participants

Student's Name: Lucky Sibusiso Dlamini

Student's E-mail Address: dlaminimkhatshwa@yahoo.com

Student ID #: R1910D9442897

Supervisor's Name: Dr. Benson Bennedict Okech

University Campus: Unicaf University Zambia (UUZ)

Program of Study: Doctorate in Business Administration

Research Project Title: The Barriers Impeding Access to Finance for Micro Small and Medium Enterprises in Mbabane Eswatini.

Date: 18-Apr-2022

Provide a short description (purpose, aim and significance) of the research project, and explain why and how you have chosen this person to participate in this research (maximum 150 words).

The purpose of this mixed methods research is to investigate the barriers impeding access to finance by MSMEs through a study that aims to draw comments from both sides of the credit systems. Consequently, quantitative data will be collected from MSMEs through interviewer or face to face administered structured questionnaires with closed ended questions. In contrast, qualitative data will be collected from four banks and two development finance institutions through semi structured interviews to be conducted through Skype. Moreover, this participants are deemed appropriate for the study because Mbabane is the capital city with the second largest number of MSMEs after Manzini. Additionally, all the head offices of the financial institutions are located in Mbabane where final decisions to award credit are made. Furthermore, this study is important to a number of stakeholders (MSMEs, financial institutions and government) as it will help in addressing information asymmetry and inform policy interventions from the government. Additionally, it will contribute massively to the body of knowledge because there are not many studies of this nature.

The above named Student is committed in ensuring participant's voluntarily participation in the research project and guaranteeing there are no potential risks and/or harms to the participants.

Participants have the right to withdraw at any stage (prior or post the completion) of the research without any consequences and without providing any explanation. In these cases, data collected will be deleted.

All data and information collected will be coded and will not be accessible to anyone outside this research. Data described and included in dissemination activities will only refer to coded information ensuring beyond the bounds of possibility participant identification.

I, Lucky Sibusiso Dlamini, **ensure that all information stated above is true and that all conditions have been met.**

Student's Signature: Lucky Sibusiso Dlamini

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UU_IC - Version 2.1

Informed Consent Form

Part 2: Certificate of Consent

This section is mandatory and should to be signed by the participant(s)

Student's Name: Lucky Sibusiso Dlamini

Student's E-mail Address: dlaminimkhatshwa@yahoo.com

Student ID #: R1910D9442897

Supervisor's Name: Dr. Benson Bennedict Okech

University Campus: Unicaf University Zambia (UUZ)

Program of Study: Doctorate in Business Administration

Research Project Title: The Barriers Impeding Access to Finance for Micro Small and Medium Enterprises in Mbabane Eswatini.

I have read the foregoing information about this study, or it has been read to me. I have had the opportunity to ask questions and discuss about it. I have received satisfactory answers to all my questions and I have received enough information about this study. I understand that I am free to withdraw from this study at any time without giving a reason for withdrawing and without negative consequences. I consent to the use of multimedia (e.g. audio recordings, video recordings) for the purposes of my participation to this study. I understand that my data will remain anonymous and confidential, unless stated otherwise. I consent voluntarily to be a participant in this study.

Participant's Print name:

Participant's Signature: ______________________

Date:

If the Participant is illiterate:

I have witnessed the accurate reading of the consent form to the potential participant, and the individual has had an opportunity to ask questions. I confirm that the aforementioned individual has given consent freely.

Witness's Print name:

Witness's Signature: ______________________

Date:

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Appendix E: Research Tools (Questionnaire and Interview Schedule)

The Barriers Impeding Access to Finance for Micro, Small and Medium Enterprises in Mbabane, Eswatini

You are kindly requested to complete the following questionnaire which aims to investigate the barriers impeding access to finance for MSMEs in Mbabane Eswatini.

The questionnaire should only take about 10 minutes to complete and it includes 17 questions. Your responses are anonymous and will not be identified with you in any way. Only group results will be presented or documented, not individual answers.

By participating in this survey, you are indicating that you understand that your responses are anonymous and will not be identified with you in any way. You may skip any question that you find intrusive or offensive, but it will help me if you respond to as many questions as you feel comfortable with.

You have the right to withdraw at any stage (prior or post the completion) of the research without any consequences and without providing any explanation. In this case, the data collected will be deleted. Your help with this research is strictly voluntary.

Please complete all questions and make sure you follow the instructions for each question.

SECTION 1						
NO.	QUESTION	*Kindly answer all questions using a tick or cross in the boxes provided below each choice and only one choice should be made.*				
1	What is the legal status of your business?	Company	Partnership	Sole trader		
2	Which sector does your business operate?	Wholesale and Retail	Hotels and Restaurants	Constr-uction	Manufa-cturing	Services
3	How did you raise the business start-up capital?	Personal/family/ friends	Informal credit	Bank/EIDC/ FINCORP		
4	Why did you choose the above source?	Preferred choice	Lack of credit from Bank/ FINCORP/EIDC			
5	How many years has your business been operating?					
6	How many people does your business employ?					
7	Please select your gender	Male	Female			
8	Please select your marital status	Married	Not Married			
9	Please select your position in the business	Owner	Manager			
10	Please state your age					
11	Please select your level of education	Other	Certificate	Diploma	Degree	MBA/PhD

SECTION 2						
NO.	QUESTION					
12	Access to MSME finance from Banks, FINCORP and IDCE is easy	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
13	Availability of collateral improves access to MSME finance from Banks, FINCORP and IDCE	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
14	Availability of credit guarantee schemes improves access to MSME finance from Banks, FINCORP and IDCE	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
15	Financial literacy improves access to MSME finance from Banks, FINCORP and IDCE	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
16	Training by SEDCO improves MSME owner or manager financial literacy	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
17	Having more information about Banks, FINCORP and IDCE improves access to MSME finance (assessment criteria)	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree

THANK YOU VERY MUCH FOR YOUR TIME

NO.	QUESTION
GENERAL	
1	Micro small medium enterprises (MSMEs) are critical to the country's economy, what initiatives does your institution have to improve lending to the sector?
2	Does your institution have a MSME department? If yes, what services does this department offer to the sector?
COLLATERAL	
3	Does the availability of collateral improve lending to MSME? Kindly elaborate.
4	Does the availability of the small scale enterprise loan guarantee scheme improve lending to the sector? If not what are the challenges? Kindly elaborate.
FINANCIAL LITERACY	
5	Does financial literacy of MSME owner or manager affect lending to the sector? Kindly elaborate.
6	If yes, what kind of training would you recommend that would ensure MSMEs meet your institution credit assessment criteria?
INFORMATION ASYMMETRY	
7	Does information asymmetry affect MSME credit assessment? Please elaborate.
8	If yes, what kind of information would the institution want to know about MSMEs that could help improve lending to the sector?
FIRM CHARACTERISTICS (LEGAL STATUS, SIZE AND AGE)	
9	Do firm characteristics affect credit assessment of MSMEs? Kindly elaborate.
OWNER OR MANAGER CHARACTERISTICS (AGE, GENDER AND EDUCATION)	
10	Do owner or manager characteristics affect credit assessment of MSMEs? Kindly elaborate.
DEMOGRAPHIC	
11	What is your position in the organization?
12	What is your gender?
13	How many years have you been employed by the institution?
14	What is your highest level of education?

THANK YOU VERY MUCH FOR YOUR TIME

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Appendix F: Gatekeeper Letter

UNICAF UNIVERSITY

UU_GL - Version 2.0

Gatekeeper letter

Address: Managing Director, Nedbank Bank, Mbaban

Date: 14-Jun-2022

Subject: REQUEST FOR PARTICIPATION

Dear Madam,

I am a doctoral student at Unicaf University - Zambia. As part of my degree I am carrying out a study on The Barriers Impeding Access to Finance for Micro Small and Medium Enterprises in Mbabane Eswatini.

Micro small and medium enterprises are critical to the economy of our country, however, access to finance continues to be reported as a major challenge by the sector (FinScope, 2017). As a result, this research attempts to investigate the barriers that impede MSME access to finance through a study that aims to draw comments from both sides of the credit system in order to gain a comprehensive understanding of the obstacles.

This study is very important particularly to financial institutions and MSMEs because it will provide financial institutions with detailed information on how MSMEs feel about their products, services and application requirements. Similarly, it will provide MSMEs with more information on what banks expect from their loan applications in order to meet credit assessment criteria. Consequently, it is believed that such information will play a vital role in addressing issues of information asymmetry and improve MSME access to finance.

Therefore, I am writing this letter to request the participation of your institution in this research which is very critical in answering the research questions and meeting its objectives. This study aims to conduct a short interview with a representative of the bank and will take about 20 minutes. In view of the current prevailing Covid-19 pandemic this interview will be conducted through Skype and at a time convenient to the official of the bank to ensure that interruptions to the bank's daily operations are minimized.

All answers will be kept confidential and all efforts to protect the identity of the bank will be taken. Additionally, all answers will be anonymous and only group results will be presented or documented not participants. The participation of your institution in this study is voluntary and the participant may not answer any question he or she feels uncomfortable answering.

Thank you in advance for your time and for your consideration of this research. Kindly let me know if you require any further information or need any further clarifications.

Yours Sincerely,

LUCKY SIBUSISO DLAMINI

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Supervisor's Title and Name: Dr. Benson Benedict Okech
Supervisor's Position: Supervisor
Supervisor's E-mail: b.okech@uganda.unicaf.org